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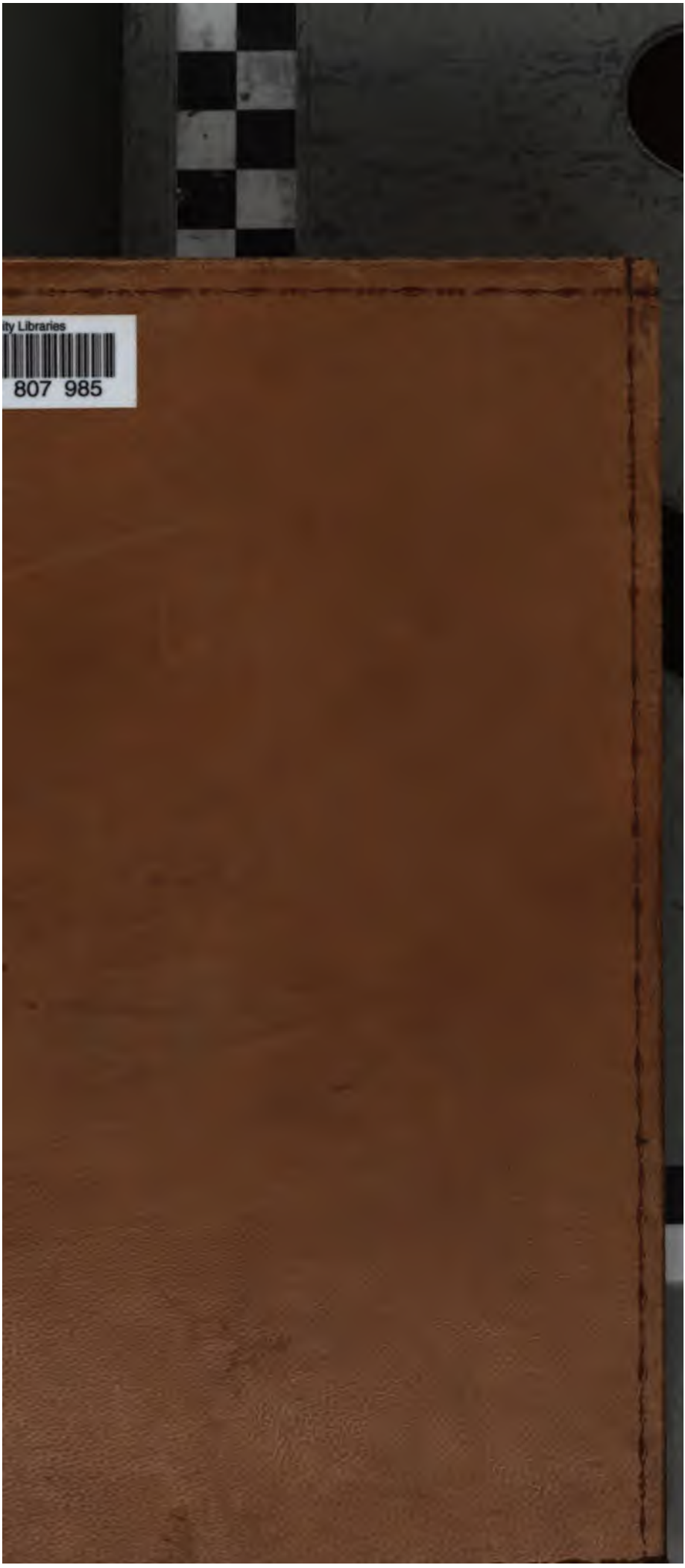
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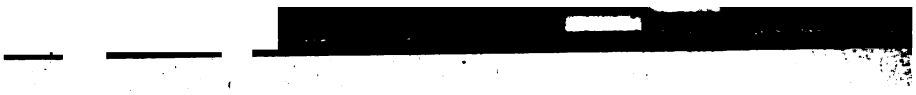

THE

EXECUTIVE DOCUMENTS

OF THE

SENATE OF THE UNITED STATES

FOR THE

SECOND SESSION OF THE FIFTY-SECOND CONGRESS AND
THE SPECIAL SESSION OF THE SENATE
CONVENED MARCH 4, 1893.

1892-'93.

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Volume 3.—No. 37, Part 1.
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TO

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52D CONGRESS, 2d Session. } SENATE. { Ex. Doc. No. 66.

FOURTH SPECIAL REPORT

OF THE

COMMISSIONER OF LABOR.

COMPULSORY INSURANCE

IN

GERMANY

INCLUDING

AN APPENDIX RELATING TO COMPULSORY INSURANCE IN OTHER COUNTRIES IN EUROPE.

PREPARED UNDER THE DIRECTION OF

CARROLL D. WRIGHT,

COMMISSIONER OF LABOR,

BY

JOHN GRAHAM BROOKS.

WASHINGTON:

GOVERNMENT PRINTING OFFICE.

1893.

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MESSAGE OF THE PRESIDENT.

To the Senate and House of Representatives:

I transmit herewith a special report of the Commissioner of Labor relating to the compulsory insurance of workingmen in Germany and other countries.

BENJ. HARRISON.

EXECUTIVE MANSION,
Washington, D. C., February 14, 1893.

LETTER OF TRANSMITTAL.

DEPARTMENT OF LABOR,
Washington, D. C., February 14, 1893.

SIR: I have the honor to transmit herewith a special report relating to the compulsory insurance of workingmen in Germany and in other countries.

Section 8 of the organic law of this Department authorizes the Commissioner of Labor "to make special reports on particular subjects whenever required to do so by the President or either house of Congress, or when he shall think the subject in his charge requires it." The organic law of the Department also provides that its general design and duties shall be to acquire and diffuse among the people of the United States useful information on subjects connected with labor, in the most general and comprehensive sense of that word, and especially upon its relations to capital, the hours of labor, the earnings of laboring men and women, and the means of promoting their material, social, intellectual, and moral prosperity. The law also authorizes the Commissioner of Labor to obtain information upon the various subjects committed to him, as he may deem desirable, from different foreign nations.

If there is a subject within the whole range of social economics which relates to means for promoting the material, social, intellectual, and moral prosperity of laboring men and women it is that which deals with what is called the "economic insecurity" attending the prosecution of great industries. The governments of Europe have striven to find the specific means by which this economic insecurity can be eliminated. Various and complicated methods of charity have been resorted to, but, as a rule, with the result of only perpetuating the difficulties and evils sought to be cured. The German government has with great courage put into active practice the system of compulsory insurance against sickness, accidents, and the infirmities of age. The theory upon which that government has acted has been ethical as well as economical in its principles. The popular idea is that the

enactment of the imperial compulsory insurance laws was the result of sudden conviction that some action of the kind was necessary to prevent or remove discontent everywhere prevailing in Germany. The fact is that those laws were the direct results of evolutionary processes growing through many experiences and covering a long period of time. The example of Germany is being followed by other nations, and where positive enactment has not resulted from the influence of Germany's laws, the discussion has been taken up by some of the best thinkers of the nations involved. In this country the question of compulsory insurance has not been agitated to any extent. I have deemed it wise, however, to lay before the American people the results of the German experiment. To do this required most careful study, on a thoroughly impartial basis, by one mind. In the summer of 1891 the opportunity was offered for such study. Mr. John Graham Brooks, a gentleman thoroughly equipped for such study, not only as to taste but also as to attainments, and a man who approaches his work without bias, and simply with a desire of learning the true condition of affairs, was, I learned, about to take up a residence of some years in Germany for the purpose of studying the legislation of that empire for the amelioration of conditions, or what might be called the "socialistic" legislation of Germany. On having a conference with Mr. Brooks I learned that he was willing to undertake the study of the compulsory insurance methods of Germany for the especial benefit of this Department, and July 1, 1891, he was commissioned to collect all the official information available relating to that system, to ascertain in all legitimate ways its real workings, its effect upon labor and the workingman, and its general tendencies. He was instructed to make his study as broad as possible, considering all the circumstances surrounding it. The result of Mr. Brooks' study and investigation is comprehended in this report. He has amply fulfilled the expectations which I had in the beginning of the inquiry, and has accomplished his work with perfect integrity and fairness. Neither indorsing nor condemning the system, he has given simply the reasoning for and against it, and its results, taking up all the steps which led to its institution and showing clearly the various phases attending the inception of the system and the experience under it after it was established. What will strike one the most forcibly, in perusing this report, is the fact that the compulsory insurance system of Germany aims at securing all (and more) that has been aimed at under various systems of charity, and that the ethical side of the sys-

tem was most potent in securing its establishment. It is all too soon to determine just what the ultimate outcome of the German experiment will be. Twenty years' experience will enable the world to come to a positive conclusion whether by that experiment the economic insecurity of those engaged in industry can be removed and a condition of prosperous contentment secured.

This valuable report has been secured at small expense, and I consider the Department exceedingly fortunate in having been able to avail itself of the services of Mr. Brooks, who has worked most assiduously in carrying out my wishes in the matter.

I am, very respectfully, your obedient servant,

CARROLL D. WRIGHT,
Commissioner.

The PRESIDENT.

INTRODUCTION.

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It has been found necessary in giving an account of the origin and history of the acts which give effect to compulsory insurance legislation to trace separately three quite distinct elements in this history: First, the relation to social democracy; second, the relation to various forms of primitive insurance in the guilds; and third, to show by a concrete example in the Harz mining region how this insurance worked among those simpler conditions which furnish the real foundation to the entire later scheme.

If the order in time is thus broken it is hoped that something more important—a clear and easy understanding of the history out of which the laws grew—will be gained by this method.

If there seem too sharp a contrast between the final conclusions as to this German insurance and the many critical difficulties which are found with the working of the laws, it is offered in explanation that such difficulties, to a considerable extent, concern the present actual results of a confessedly imperfect organization. A fair criticism will not only deal with the actual achievement of a new and complicated body of laws, but will also take account of what may be accomplished under such laws when adequate experience has been gained to simplify them and adapt them to their end. Fair criticism will, in a word, take account of reasonable possibilities that promise, under such laws, to be fulfilled. Again, much of the critical portion of the report is concerned with the direct rather than with the indirect influences and results of these laws. It is probable that the indirect educational as well as moral results will prove of greater value than the merely material ones, just as it seems clear that other nations may be incalculably aided in their social experiments by this German experience—possibly not less in its failures than in its successes.

As such a report as this must have at least some possible relation to a future consideration of this problem of state insurance in the United States, it seemed better that the weaknesses and difficulties should be brought into clear relief.

It may be positively stated now that some of those embarrassments which have caused the most bitter opposition can be avoided from the start with no risk or difficulty. Nothing has caused such universal and indignant outcry as the "sticking in" of the stamps under the old age and invalidity law. Yet Baden has proved that this source of so much

irritation can be avoided by having this done by the officials in their bureaus. This is quite as true of other sources of friction that are now seen to be avoidable. Finally, special regard is given in the conclusions to certain proposals that are certain to be carried out, by which some of the chief evils of expense and needless bother can be met.

The special thanks of the writer are due to Geheimrath Dr. Zacher, of the imperial bureau, for his extreme kindness in assisting the writer in securing information upon many difficult inquiries connected with the report.

In stating the various sums of money in pensions and contributions German marks have been converted into United States money on the basis of $23\frac{8}{10}$ cents to the mark, the value as established by the United States treasury department.

CHAPTER I.

ORIGIN AND DEVELOPMENT OF COMPULSORY INSURANCE.

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No adequate appreciation or criticism of the German state insurance of workingmen is possible without what may perhaps seem a dreary historical account of its origin and development. It is better, however, at once to be clear upon this point—that neither a fair nor intelligible attitude toward these remarkable acts can be reached without considerable analysis of the long experience and conditions out of which they spring. Much of the criticism against these laws rests upon the assumption that they are new departures, wholly without precedent—mere leaps into the dark.

It is true that the broad and general application of the principle of compulsion contains the new element of universality, yet compulsory insurance is already a generation old in Germany. Most of the features in this legislation are of historic growth, and not, in the words of a hostile French critic, "something new, sudden, and fantastical."

It is also necessary, before dealing with the legal development, to consider the attitude of certain powerful thinkers toward the state and its duties.

DUTY OF THE STATE TOWARD THE WORKING CLASSES.

The three laws of insurance against sickness, accident, and old age and invalidity confessedly rest upon a conception of society which is sharply opposed to what is loosely called individualism, or *laissez faire*. In the portentous mass of this insurance literature the thought is constantly expressed that the weaker members of society will be excluded from all that accords with our usual sense of justice and fair dealing until the centres of social influence, of which the first and most powerful is the state, become imbued with the idea that a large proportion of the misfortunes, sickness, accident, and premature age are social in origin rather than individual; that a vast part of these evils spring, not from the fault of the individual, but from sources over which the individual has little or no control. The philosopher Fichte applies this thought with such eloquent power to the duty of the state as to result in a distinct practical change of the state's attitude.

No one doubts that the socialist Lassalle shaped by his influence much social legislation in Germany. He has told us what, both for inspiration and direction, he owes to two books of Fichte's, one written

in 1796, the other in 1800. The banished German socialist Marx was as directly and as powerfully under the influence of Hegel. It would take us too far afield to deal at any length with the views of the state and its functions held by these two great teachers. Any faithful account, however, of the origin of the boldest experiment in social reform that any state ever tried can not omit the fact of an influence so vast as that of these philosophers, and others of their kind, upon the general view of the state function in Germany and upon certain men who did so much to give to the state a paternal character.

Just as little can one omit, for any true interpretation of these laws for the insurance of working men and women, very definite reckoning with the history of social democracy. Every first impulse that antedates these laws of 1883, 1884, and 1889 springs from sources that are in closest touch with socialistic conceptions of the state. Not only was it a socialist who made the first distinct statement as to universal compulsory insurance, but it was a distinguished scholar of extremely socialistic tendency who first elaborately developed the idea and has since been the most fertile writer upon the subject.

The first insurance law sprang into existence, as the others did later, as a direct result of socialistic activity of a type so much more advanced as to become a source of gravest anxiety to the government. The common saying of the time, "Bismarck will cure socialism 'by a hair from the dog that bit me,'" had this truth in it—that he openly acknowledged himself socialist in the sense of acknowledging the laborers' "right to work," and the state's duty to act widely, generously, and positively for the welfare of the laborers. If the security and welfare of the whole body of laborers could be furthered by state initiation and control of the business, it was only in accordance with ideas about the state which had come to be influential enough to carry their own ends.

The work which Fichte wrote upon the state in 1800 rests upon ideas of equality and property that could have but one possible interpretation—a socialistic one. Lassalle popularizes this view, and it speaks through him not only to the workingmen but with convincing force to far more influential persons. The direct influence of Lassalle upon Bismarck has doubtless been exaggerated, but no one has overstated the influence of this socialist leader as a popular interpreter of that philosophy of society that leads to socialism. One of the two works of Fichte (*Der geschlossene Handelsstaat, 1800*), which filled Lassalle with such enthusiasm that he places his teacher among the first thinkers of all time, gives sentence after sentence about the duties of the state which differ in no essential from innumerable utterances that filled the speculations upon state insurance in the few years previous to the introduction of these laws.

The state, in Fichte's conception, is not to be negative nor to have mere police function, but to be filled with Christian concern, especially for the

weaker members. The state is to help make men contented, wealthy, strong in body and in mind. The conceptions of property and contract are such as compel such intervention of the superior authority in order to realize the ends of justice and equality among men. It would be far-fetched to deal with such things in a report upon insurance by the state, if they did not help one to understand that theory of the state's duty to which Bismarck and the economists constantly made their appeal during the period of agitation which preceded this legislation. Extreme as it may appear, it is only a wholly natural development of that conception of the state's function which philosophers and many of the ablest economists had held and taught.

Another writer, Sismondi, must also be mentioned for the influence he had upon the man who first conceived the idea of state insurance in Germany. Sismondi is not only often quoted by those who influence this history, but he is recognized as a leader among those who first turned against the more individualistic conceptions of society. As early as 1819 he said: "We regard the government as having the duty of protecting the weak against the strong." He contrasts sharply the permanent interests of society as a whole with fluctuating personal and private interests amidst which the weak and ignorant may go to the wall. Precisely as in the case of Professor Winkelblech he seems to have been converted to this view by a journey through certain industral parts of Europe. He describes the unhappy condition of the laborers in the manufacturing centres, adding at the close: "I became persuaded that governments were upon the wrong road." "A state may be very miserable even though a few individuals gather colossal fortunes." This writer, as well as Fichte, is of course but a type. They have each, however, a special relation to the subject of this report.

The socialist Karlo Marlo (Professor Winkelblech), upon whom Sismondi had much influence, is one whose relation to this subject is much more direct. He, too, left the study and looked at his problem in the manufacturing centres. The effect, as upon Sismondi, was to give him the views of the state with which his name is connected. He foresees the struggle, which will be described later, between the guilds and concentrated capital. His pages are filled with what now are the commonplaces of socialistic agitation. The proletariat is a necessary and natural result of capitalistic development. Direct contact with workingmen led him to seek remedies for the ills he recognized. He did not, as is often maintained, draw the extreme socialistic conclusions. He allowed a wide field for private ownership, of a kind that socialists would not now allow. The state was, however, to act a far more imposing part. Not only forestry, mining, fishing, transportation, but banking and many of the larger businesses were to be carried on by the state. Above all, the state was to act energetically and fearlessly for the laborers. That part of his remedy which concerns this report

is in a book, most of which was written before 1850, upon the organization of labor. In the historical portion (Vol. II, p. 328, *et seq.*), criticising the liberal school, he maintains the necessity of a general obligatory insurance as alone adequate to protect laborers in their struggle with the conditions of "the great industry." He sees in this a sure way of helping on toward a greater equality of conditions, and above all, that such insurance will free labor from the haunting sense of insecurity, which is one of the chief evils.

The most distinguished of the state socialists, as well as the most voluminous writer, Dr. Schaeffle, has been called the father of this scheme of compulsory state insurance. No one has written upon it more fully or in a broader and more convincing spirit. In the ponderous lexicon of political science that is now issuing in Germany the most elaborate articles upon this subject are by him. He had conceived the plan probably as early as 1867. In his work, *Kapitalismus und Socialismus*, pp. 700–702 (again 731, *et seq.*), he advances the idea of such insurance. He generously awards great praise to Marlo for having first given him the idea. In successive publications, in his plea for the guilds and trade associations, the idea is developed into elaborate completeness. He argues, as Joseph Chamberlain has done in England for the old age pensions, that the present charity administration is not only a vicious sort of communism at its worst, but does not even begin to reach its end. Even if state insurance is socialistic, it is less harmfully so, in Schaeffle's opinion, than the existing forms of charity. In place of the old charity he demands a "nationalized general self provision for the whole life," (*plan mässige Selbstfürsorge für das ganze Leben*). The expense must be paid by the employer, but would in his opinion become a part of the cost of production. Though the laborers pay the contributions, their minimum wage would rise by that amount. He finds in this compulsory insurance a close analogy to compulsory education, an argument also used by those who are pleading in England for old age pensions. As in his later writings he sees his chief hope in managing trade associations, over which a strong monarchy shall hold control, "suppressing all antisocial private interests from the standpoint of the general welfare." Early in the seventies the discussion became general. The *Verein für Social-Politik* in 1874 made the insurance question an object of special investigation, giving its final decision against state compulsion, but in favor of insurance regulated by the state. The distinction has been insisted upon as of prime importance, not only in Germany, but in Switzerland and France. When the point of state insurance was first raised into the sphere of popular discussion, it was fiercely maintained that the state neither could nor should undertake such work. Two arguments were oftenest used against the scheme—one upon theoretical grounds, the other upon practical. It was said by the opponents that the proper functions of the state had already been far too much extended, and that any fur-

ther extension would only strengthen the extremer socialism which this milder type in the hands of the state sought to destroy. This cry of socialism was invariably met either by denying that state insurance is socialism, as Schaeffle stoutly maintained, or by bluntly admitting the charge with the retort that so great and so practical an issue could not be forestalled by any calling of names. Bismarck said, during the debate, April 1881, "Call it socialism, or whatever you like; it is the same to me."

To the more practical objections it was answered that no one could know beforehand what the state could do or not do, any more than it could have been known beforehand how Berlin would manage her slaughter houses or the state her railways. The strong opposition of those interested in various forms of private insurance was met by the plain assertion, as in Professor Wagner's pamphlet, The State and Insurance, "Your own selfish interests blind you to the merits of a question whose only decision can come from the higher ground of general social welfare."

It must be recognized that the economists, in discussing the theory of the state, and especially of insurance in its relation to the state, had furnished the politicians who favored the insurance with plenty of argument both of a theoretical and practical character. The most distinguished teachers, like Wagner, Schmoller, and others, had got themselves named "socialists of the chair," because they had taught a body of doctrine both about the state and about property which lent itself inevitably to a far wider action of the state. The entire economic doctrine of Professor Wagner was of a character to strengthen the advocates of state insurance at every point. Not only his position, but the fact that he is the best type of an aggressive state socialism, will make special reference to his opinions alone adequate to the purpose of this report. There is, moreover, throughout the entire period—fifteen or sixteen years—during which this discussion of state insurance went on, a singular unity in his opinions as to the duty of the state in regard to all such questions. His influence is thought to have been greater than that of any other economist, and his opinions are probably oftenest quoted in these special discussions. It is hardly true to say that Wagner stands in this development to Schaeffle, as Schaeffle to Marlo, though it is true that Wagner expresses strong approval of Schaeffle's advocacy of the insurance scheme, and is one of the first to push its claims. Perhaps the most prominent thought in this relation is Wagner's assertion that the great mass of weaker laborers will not be helped out of their condition by the free struggle of private business interests. He holds that these masses are unable to cope with the conditions which capitalistic production imposes upon them. His reaction against the current economic individualism is sharp and direct. The state has here not merely an exceptional task to perform, but the permanent duty of strengthening the laborer in his struggle. Not only should coöpera-

tive groups in every form be favored, but trade organizations as well. There is no limit, except the purely practical one, to the state's duty of interference. The very meaning of the "social question" to Wagner is this putting of the laborer into a position where the struggle for existence can be made as fair as the nature of the problem admits. That the odds are now greatly against the weaker workers is not only admitted, but vigorously maintained. Neither private interest, nor charity, nor self help is adequate to do this work of evening up conditions. The state, inspired by strong moral purpose, must act a bold and positive part in this programme.

When it is remembered that Professor Wagner is in this opinion different only in degree from many other prominent economists, it is seen what a force they represent in this discussion as to whether the state should or should not insure the masses against economic insecurity.

From such general principles the step of practical application is not only easy but necessary. The sheer weight of this economic authority was of such importance that a more specific reference should be made to Wagner's position. State insurance was long an economic and social theory before it was a fact, and the general principles to which the theory appealed for its sanction were used in Austria, France, and England with very frank acknowledgment that Germany had originated the idea out of which it all grew. It was from this source that Canon Blackley seems to have got his first inspiration for the English old age pensions as early as 1877. The French opponents to the scheme in France have made it an objection that it came from the German socialists of the chair. Two years before the passage of the old age and invalidity law, Wagner gave a new statement of his general position, from which a part only is taken to illustrate his attitude.

In the administrative functions of the state, of the parish (township or district), or other public bodies, there should be included such measures as help on the moral, intellectual, sanitary, physical, economic, and social advancement of the mass of the people; so far as may seem necessary and expedient the expenditure of public money for these purposes, without fear of the "public communism," which would to some extent be thereby encouraged. This implies the recognition of the principle of state help—legislative, administrative, and financial—for the lower classes conjointly with self help and the coöperative system.

Adjustment of financial arrangements in such manner that a larger part of the national income, which now falls, in the form of rent, interest, undertakers' profits, and profits from "conjunctures" (profits due to speculation, chance, spontaneous increase in values, etc.), to the class possessing land and capital and carrying on private undertakings, may be diverted into public channels. Transference to the state, parish, etc., of such land, capital, and undertakings as may economically and technically be well managed in public hands, and such as most easily develop in private hands into actual monopolies, peculiarly tend to enterprise on a great scale, or even now are carried on by public companies, a form of undertakership which in its advantages and

defects approximates to public enterprise both economically and technically. * * *

Here Wagner proposes to place such undertakings and institutions as means of communication and transportation, the banking and insurance systems, water and gas works, markets, etc., in the hands of the state or the town. His idea is that the state and public bodies would and should deal more considerately and generously with their officials and employés generally than private undertakers and capitalists, and that their good example would be a social blessing.

Public revenue to be so raised as to allow of the "communistic" character of public bodies, above described, being developed wherever decided objections, consequent upon the peculiar circumstances of the case, do not exist. This "communistic" character to be strengthened in favor of the poorer and socially weaker classes, with whom the economic and social struggle for existence and for social advancement is severest, by means of a system of administrative measures calculated especially to benefit them, yet the cost of which shall be defrayed by the general revenue and taxes; but this "communistic" character of state activity to be weaker where the interests of the well to do and richer classes of society come especially or exclusively into question. Here expenditures should be rather covered by a just system of taxes —including taxes based on the principle of taxation according to benefit—than by the use of the general revenue. This implies the regulation of the post, telegraph, and railway tariffs, judicial charges, school fees, etc.

Taxation to be so adjusted that, besides fulfilling its primary function, that of providing the revenue needed to cover public requirements, it may, as well as possible, fulfil a not less important indirect purpose, which is twofold: (1) Regulative interference with the distribution of the income and wealth of private persons, so far as that distribution is the product of free economic intercourse, as by the medium of prices, wages, interest, and rent, with a view to counteracting the harshness, injustice, and excessive privileges caused by the distribution obtaining in this intercourse; (2) and at the same time regulative interference, supported necessarily by further administrative measures, and eventually by compulsion (as in the domain of industrial insurance) in private consumption. This latter can be done by making the lower classes provide—by means of direct and indirect taxes, especially indirect (excise), which in this connection are often very suitable—the revenue necessary for administrative purposes calculated to benefit them, this being effected by diverting income which they may be applying to improper, perhaps injurious, or at the least, less necessary and wholesome purposes (*e. g.*, drink) to purposes more beneficial to society, the class, or the individual.

Not only is every principle upon which such a step as compulsory state insurance could be based here stated, but it may also be said to stand in direct and unbroken line with the economic traditions of the Prussian monarchy. Frederick the Great claimed to be especially the king of the poor, and also claimed the right to use the state in any way he saw fit for their protection and uplifting. The Prussian law of a century ago acknowledges the famous right to work and to a living.

The state is in its very nature the guardian of the weaker classes. In the common law of that time it is stated:

It is the duty of the state to provide for the sustenance and support of those of its citizens who can not * * * procure subsistence themselves.

Work adapted to their strength and capacities shall be supplied to those who lack means and opportunity of earning a livelihood for themselves and those dependent upon them.

Those who, from laziness, love of idleness, or other irregular proclivities, do not choose to employ the means offered them of earning a livelihood, shall be kept to useful work by compulsion and punishment under proper control.

The state is entitled and is bound to take such measures as will prevent the destitution of its citizens and check excessive extravagance.

The police authority of every place must provide for all poor and destitute persons, whose subsistence can not be insured in any other way.

It is thus clear that the claim is plausible that compulsory insurance by the state is only the next natural step in the economic and political policy of Prussia. There is extraordinary continuity in the idea of a state as the protector to almost limitless extent of the laboring classes. There is again the growth of compulsion that extends to the individual, to the group, to the commune, and to the empire.

RELATION OF THE INSURANCE LAWS TO SOCIALISM.

The three laws with which this report has to deal, are in their origin so inextricably bound up with the facts of an active socialistic party that the next step must be to show the historic relation in which these laws of insurance by the state stand to socialism. It has been said, "Two shots at the emperor upon Unter den Linden are responsible for the insurance laws." Whatever exaggeration this expresses, it is wholly true that an account of the origin and much of the special character of these laws is impossible without exact and somewhat elaborate reference to the socialist party. The two attempts upon the life of the emperor can not be laid at the door of this party, but it was inevitable that they should be made the occasion of a combined attack upon the social democrats.

Before the war of 1870–'71 the government had no anxiety about socialists. In the year after the war there were some 125,000 votes only. The acute parliamentarian Lasker could say contemptuously, "We can kill them with a stick." The contrast is dramatic between this confidence and the present condition of that party of which Lasker was a leader. In the elections just now closed Lasker's type of liberalism has had a crushing defeat and the socialists startling victories. They have probably at the present moment a backing of 1,800,000 voters, or nearly 500,000 more than any other party in the empire. But for the property qualifications of the vote their strength would be far greater.

In 1874 the vote had risen to 350,000, in 1877 to nearly half a million. There is definite proof that Bismarck, not out of fear but from interest, was willing to take active steps in the direction of Lassalle's type of practical socialism (productive coöperative associations), nor is it unlikely that attempts would have been tried but for the struggle with Austria. After the Franco-Prussian war a growth of socialism, between 1871 and 1877, nearly fourfold, startled the government so seriously that active measures were considered for meeting the danger. After the socialist congress of 1875 the Lassalle type of socialism, moreover, gave way more and more to the Marx type, a distinctly more revolutionary form, with which Bismarck and the economists could have far less sympathy. There was no more talk of coöperative associations but an open and direct antagonism to the present industrial order. It should here be said that state socialism aims to remedy social ills through the present order without destroying the wage system, private rent, and interest, while the Marx socialism, which became even more expressly the philosophy of the social democratic party, directs its warfare relentlessly against the present order. It was thus not only the phenomenal growth but the triumph of this revolutionary faction which accounts for the alarm of the government. In 1878 two successive attempts were made upon the emperor's life. The second attack, following so swiftly upon the first, enabled Bismarck to command the majority that the liberals had stubbornly refused. The famous "exception law" was passed against the socialists. The severity of the law was extreme. Not only were meetings, clubs, and hundreds of publications at once forbidden, but the measures against them were pitilessly enforced. Leaders were driven out of the country, and apparently the very sources of the party quenched. It was the drastic character of this legislation that made it imperative that something should be done against this peril, of a wholly different nature

The law that follows has a kind of confession and explanation or motive, which is important enough to reproduce. It shows what the government was striking at:

The endeavors of social democracy are aimed at the practical realization of the radical theories of modern socialism and communism. According to these theories the present system of production is uneconomical, and must be rejected as an unjust exploitation of labor by capital. Labor is to be emancipated from capital; private capital is to be converted into collective capital; individual production, regulated by competition, is to be converted into systematic coöperative production; and the individual is to be absorbed in society. The social democratic movement differs greatly from all humanitarian movements in that it proceeds from the assumption that the amelioration of the condition of the working classes is impossible on the basis of the present social system, and can only be attained by the social revolution spoken of. This social revolution is to be effected by the coöperation of the working classes of all states with the simultaneous subversion of the

existing constitutions. The movement has especially taken this revolutionary and international character since the foundation of the International Workingmen's association in London in September 1864. * * * It is, in fact, a question of breaking away from the legal development of civilized states and of the complete subversion of the prevailing system of property. The organization of the proletariat, the destruction of the existing order of state and society, and the establishment of the socialistic community and the socialistic state by the organized proletariat—these are the avowed aims of social democracy.

The well organized socialistic agitation, carried on by speech and writings with passionate energy, is in accord with these ends. This agitation seeks to disseminate amongst the poor and less educated classes of the population discontent with their lot as well as the conviction that under the present régime their condition is hopeless, and to excite them as the "disinherited" to envy and hatred of the upper classes. The moral and religious convictions which hold society together are shattered; reverence and piety are ridiculed; the legal notions of the masses are confused; and respect for the law is destroyed. The most odious attacks and abuse which are levelled at the German empire and its constitutions—at royalty and the army, whose glorious history is slandered—give the socialist agitation in this country a specifically anti-national stamp; for it estranges the minds of the people from native customs and from the fatherland. The representations which are given, both by spoken and written word, of former revolutionary events and the glorification of well known leaders of revolution, as well as the acts of the Paris commune, are calculated to excite revolutionary desires and passions and to dispose the masses to acts of violence. The law of self preservation, therefore, compels the state and society to oppose the social democratic movement with decision; and above all, the state is bound to protect the legal system which is threatened by social democracy, and to put restraints upon socialistic agitation. True thought can not be repressed by external compulsion; the movements of minds can only be overcome in intellectual combat. Still, when such movements take wrong ways and threaten to become destructive, the means for their extension can and should be taken away by legal means.

The socialistic agitation, as carried on for years, is a continued appeal to violence and to the passions of the masses with a view to the subversion of state and social order. The state can check such an enterprise as this by depriving social democracy of its most important means of agitation and by destroying its organization; and it must do this unless it is willing to surrender its existence, and unless there is to grow up amongst the population the conviction either that the state is impotent or that the aims of social democracy are justifiable. * * * Social democracy has declared war against the state and society, and has proclaimed their subversion to be its aim. It has forsaken the ground of equal right for all, and it can not complain if the law should only be exercised in its favor to the extent consistent with the security and order of the state.

Though the aims of the social democracy are here taken at their worst rather than at their best, the passage contains so much that is true, so much that has indeed openly and expressly been stated by scores of leaders who follow Marx, that few socialists would quibble at its statements. The tone was natural to the occasion out of which this exceptional legislation sprang.

No bolder or more aggressive attitude was ever taken than that which the chancellor assumed at this time. He admitted frankly his admiration for Lassalle and his sympathy with many of his aims. He saw, however, in the new socialism a fact of absolutely different character from that for which Lassalle stood. Of more importance, however, is the daring form in which he proposes to take wind from the sails of his enemies. "The state," it was said, "shall be put fearlessly at the disposal of the laboring classes." Bismarck taunted the socialists with being negative, "but my programme," said he, "shall be positive."

The positive remedy that he brings is the elaborate scheme of compulsory insurance of the working classes.

DEVELOPMENT OF THE INSURANCE IDEA FROM THE EARLY GUILDS.

Before dealing with the actual legal measures through which these laws are brought to bear upon the problem it is indispensable to look at this history from another standpoint. The attempt has been made to trace the development of the economic and political theory of the state's duty toward the laboring classes. It has been seen how this more theoretical opinion becomes allied with socialism, first, in its vaguer, and finally, in its more revolutionary form. Attention should now be turned rather to the fact side of this development, and the actual experience of insurance as it appears first in simple and primitive form through various industrial groups will be sketched as briefly as possible. These are, for the most part, some variety of guild with which benefit societies, relief, burial, and sick associations are connected. These guilds are privileged societies of employers (*Handwerkmeisters*) or masters for their own benefit as well as for the benefit of their journeymen and apprentices. Large numbers of them still exist in Germany in modified form, having a tradition at least five hundred years old. The imperial insurance stands in direct historic relation with these associations.

The general development of insurance through these guilds (*a*) will be given, and a special type of guild, the *Knappschaftskasse*, which shows in clear and concrete form both the fact and the growth of insurance, as well as the elements of strength and of weakness which appear in the present laws.

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[a] The older regulations for domestic service (*Gesinde Ordnungen*) provided help for sick servants through the employer. In Prussia the employers were wholly responsible for cure, board, and lodging when the servant acquired his sickness in consequence of his work or during his work. If no relation could be shown between the work and the sickness, the employer was only responsible for the care until the expiration of the contract for hire. The costs might be subtracted from the wages in this case, as now, under the old age and invalidity law. If the relatives of the servant could be made to care for him the employer was free.

Sailors were also cared for by the German seaman's ordinance of 1872. The employer had to bear all the costs of board, lodging, and care for three months; or, if the patient had to remain in a foreign country, for six months; besides, full wages had to be paid during the sickness and provision made for a return passage home.

It must also be borne in mind that the development of industry is comparatively of so much later date in Germany than in England or America as to require much illustration, in order to appreciate the bearing upon social questions of trade legislation. Industry in the modern sense, the industry of a world market, had so far developed in England in 1802 as to bring in that first interference with the freedom of industry—the morals and health act. From this date to the reform bill, 1832, the population of the larger cities, like Manchester, increased upon an average nearly 150 per cent. The earlier economic teachers could not have foreseen conditions into which this new and sudden grouping of the population would bring society.

Between 1802 and 1819 the evils developed to such a point as to compel the passing of a further act to protect children. From this date to the present time innumerable acts have been passed forcing the employer to change the conditions under which the laborer worked. The child being the weakest is, from 1819, more and more regulated. From 1844 the woman is protected, and in both these cases, as finally with men, the laws tend ever more and more to restrict the conditions under which it can be shown that laborers or society suffer some hurt. In this long history many of the most confident economic theories, both as to human nature and to industry, have disappeared. Scarcely a law has been passed to guard the safety of the apprentice, the child, the woman, or of grown men in dangerous occupations, that has not been long and bitterly fought upon theoretical grounds of the nature of trade, of economic law, or of natural law.

A very important principle seems at last to have been reached and acquiesced in, viz., wherever clear and adequate evidence is forthcoming that any class of workers are suffering under given conditions of time or place the law may interfere to any needed extent. More and more the first question asked, when legislation is demanded for any set of workers, is not concerning economic or natural law, but concerning the plain practical exigencies of the health and safety of the laborers. Two full generations passed before this position was reached. It means that economic law or industrial law can not be confidently known beforehand, but that the actual facts of the situation must be known, and upon these facts the theory must wait, rather than first to impose itself dogmatically upon the situation.

This principle has never been denied in Germany, except in part by those, who, say from 1830 to 1870, exercised so powerful and so beneficent an influence upon the economic policy of the country. These were the followers of Adam Smith, known as the Manchester party in Germany. Though the more recent legislation, of which the compulsory insurance forms a part, has freed itself almost wholly from this economic liberalism, it is important, for several reasons, to see clearly what these liberals accomplished. Among their achievements must be

reckoned the tariff union, uniformity in weights and measures, the doing away with imprisonment for debt and the usury laws, removal of marriage restrictions, of river tolls, and especially the larger freedom introduced into the whole body of trade regulations (*Gewerbeordnung*), together with the *Freizügigkeit* (freedom to go about the country as one likes), against which principle, ominously enough, powerful voices are now more and more heard.

About 1870 the influence of this party begins to disappear before those who distrust economic liberty. The famous union for social politics was formed in 1872, and the words of one of its ablest founders, Professor Held, show its aims:

The new school demands a complete abandonment of the endeavor to set up natural laws of universal application, and with it an abandonment, as far as possible, of that mode of investigation which reasons by deduction from more or less rigid premises. It demands realistic political economy; that economic investigation shall rest, as far as possible, upon historical and statistical material. It demands, above all, the abandonment of the premise that man in his economic action is influenced only by egoism. It denies the proposition that man should be influenced only by selfish motives in all his opinions, and that thereby the general good would be most effectively promoted. On the contrary, it asserts that public spirit always is active, side by side with the egoistic motives, and always should be so active. It demands ethical political economy. It demands that the economic man shall be considered a member of an organized society. It rejects the assumption of any natural laws of universal validity, and asserts that the existing system of law, as a whole and its details, must be considered as a factor of the highest importance in the explanation of economic phenomena. In other words it demands a conception of the science which includes social policy, and pays due regard to the historical and legal factors.

In Bismarck's total rejection of the freer industrial policy, he appealed directly to the earlier and older social legislation, which antedated the work of the liberals. We are thus taken back to a time and to conditions which are in some respects distinctly mediæval (*a*) in character. A state of serfdom practically existed in Bavaria until 1808. Freedom to choose one's handicraft, even, was not allowed in other parts of Germany until 1810. Until the revolution of 1848 countless petty restrictions hemmed in the life of the laborer as well as of industry in general. The most advanced part of Germany, Prussia, only brought in liberty for the laborer to move freely from town to town (*Freizügigkeit*) in 1842. Though the laws of Stein and Hardenburg had done so much to destroy the old guilds, they yet dragged lumbrously along until the Prussian trade regulations of 1845, which mark so

a There is no longer any necessary stigma attaching to what is implied by mediæval. Though it has long been used as a word of most damaging import, especially since the work of Auguste Comte, it is clear that much of the world's best institutional work was of the mediæval age. Not only the English positivist school, but the ablest writers among the members of *La Reforme Sociale* in France, with Le Play at their head, have shown the high excellence of much "social service" in this long maligned age.

important a change in this history as to demand closer consideration. The law of 1842, allowing laborers to pass freely from one place to another, introduced changes as great as the Stein legislation of 1811, which broke down so many of the old guild privileges. From a condition under which the choice of a trade was for the laborer and not by him, to conditions under which he could freely elect his craft, the difference was profound. In many parts of Germany the old trade monopolies existed in such form as to make the free development of trade impossible. Not only was competition shut out in the more considerable trades of tinning and milling, but especially in the minor provinces, such monopolies extended to the smaller trades of the barber and chimney-sweep. That these special privileges of the guilds would all have been swept away if the Stein legislation had been allowed to do its work is evident. The new freedom was feared, however, and the trade regulations of 1845 are a protest against the destruction of vested rights. That portion of the trade laws which more especially concerns us recognizes two kinds of sick associations—the apprentice society and the guild (*Innung*).

In section 144 the apprentices and assistants are permitted to retain their mutual benefit societies, but it is reserved to change and adapt them to new and existing circumstances. New societies may also be formed under conditions fixed by government. An apprentice is not allowed to be excluded from such a society because he does not work with a member of a guild (section 169). To the guilds is also given the right to form sick, burial, and relief societies, as well as savings banks, though they are not compelled to form such society for every branch of industry. It will be seen that these laws of 1845, in reacting against those forces which threatened to destroy the guilds, yet endeavor to preserve as much liberty, self government, and self discipline as was possible in an effort to save the guilds and continue their work. The workmen also were frightened by the loss of a powerful influence which the guild had secured to them. Before 1845 they expressed fears such as would be felt by trade unionists of today if their rights of organizing were threatened. The conservative character of the law is, however, seen in such provisions as that which compels those who form a guild to prove their capacity before some authorized body of examiners, as the academy of arts or the committee appointed for such purpose. Consent to enter a guild might be refused by the communal authorities to criminals, to bankrupts, to those residing where a similar guild already exists, etc. All persons in mechanical trades who belong to no guild could by local statute be formed into an "inferior guild." The community is here supreme over the decisions of the individual. Although the elite workmen were freed from compulsion to join such societies, the less able workmen were so far under constraint that they must give satisfactory reason before the authorities why they failed to form or join some benefit society.

In many ways, which can not here be mentioned, the act made it so far advantageous to become a member of a guild that in spite of liberal opposition the general condition of these societies was strengthened. The act strove not only to revive guilds, but to revive those conditions under which such groups could prosper.

To avoid the bitter disputes of the older guilds among themselves a new grouping was made, which brought members of a common industry into the same society.

No statute was permitted in any guild which in the least conflicted with the trade laws. Important decisions in the guild must be in the presence of a member of the communal authorities. A guild could not even be dissolved without the approval of the government. But voluntary dissolution received a more vigorous check in the provision which handed over, after liquidation, the guild property to the community for public purposes, or to a new guild that might be formed. In no case might it be divided among the members. No more powerful motive could have been brought to bear upon the members to preserve their society.

It should at this point be noted that, as the government extends its authority over these associations, the tendency to eliminate the distinctively social element in such bodies shows itself. Good fellowship had played a powerful part in this guild history, but the necessity of a wider and more systematic policy made necessary an organization on broader and more general lines. This tendency, as will be seen later, passed over into the compulsory state sick insurance, under which the largest branch (the local fund) includes such numbers and such diverse types as wholly to extinguish the social factor. That this loss is a real one may be seen in the great role that good fellowship plays in the English friendly societies as well as in the actual facts, which will later appear in the local sick associations, from which the social element has wholly gone.

The next step dates from the reaction against the revolutionary movement of 1848. The laws were further strengthened in 1849, so as to require "master examinations," as well as stricter examinations of journeymen. Both apprentice and journeymen were to serve three years. It was at this date that Bismarck, who was to guide and inspire this subsequent legislation, first appeared and took his stand for compulsory guilds. The positive work of these Prussian laws fails, however, in case of these forced examinations. From 1849 to 1869 the practical exigencies of industry broke through these restrictions to such an extent that the leading spirit among the radicals in parliament could say:

When, in 1861, I held the office of a *landrath*, the ministry of the day addressed a question to the authorities as to whether and how the trade law of 1849 had succeeded. Reports lay before me from seven mayors, mostly urban, which differed considerably; some could hardly estimate highly enough the blessing of the trade law, while the others

raised critical doubts. I went to the bottom of the matter, and soon found that the entire trade law of 1849 had never been introduced in this district. At first an attempt was made to establish examination committees, but it was not possible to maintain the examination system. No one was any longer examined in the district, and no one applied to be examined. In the entire district there was not a single person legally qualified to build houses, though a large amount of building was carried on.

Though the same laxity of conditions was not true to this extent in all parts of Germany, it was probably true wherever the large industry was highly developed. This restrictive legislation was throughout antagonistic to what may loosely be called the factory system. The smaller employers, for whose benefit the guild legislation was chiefly passed, set themselves everywhere in a life struggle against the large and more efficient concentration of capital. The acts of 1845 and 1849 proving inadequate, more positive measures were taken in the important act of 1854. In considering this there must still be included the legislation of 1845 and 1849. Those carrying on the small trades found themselves still so inadequately protected against the growing competition of large businesses that extreme claims were made. These claims were so far allowed by the government that the guild privileges were further protected. The great step here taken, however, is that of compelling certain classes of employers to contribute one-half of the subscription to the fund of the sick associations formed according to local statutes. The obligation can also from this time be imposed upon the independent mechanics and manufacturers to advance the contributions of their journeymen and assistants, with the proviso of charging it to the next payment of wages. As compensation for this share in the payment the employer is assured a corresponding influence over the administration of the fund.

With the introduction of this element of compulsion upon the employer, new power was conferred upon the central authorities. The government begins henceforth to play in this history a far more important part. It is evident, as the statistics will later show, that the fear of compulsion brought into existence a large number of relief societies, which hastened to form a union voluntarily rather than yield to government constraint. Here the principle of compulsion is behind the employer, the relief society, and also the commune, as it might be compelled to pay one-half of the costs of administration. This great extension of the compulsory principle was to a considerable extent due to the greater mobility of labor which the growth of cities and the factory system brought into existence. The complaint is a constant one: "So many of our laborers are new, they come and go without fixed purpose, and we can not be responsible for them." Yet these were among those who stood in greatest need of some form of insurance.

The reason why the communes could not be trusted to compel the formation of associations is supposed to have been the great influence in the

commune of the employer class. There was such divergence between their private business interests and these larger public concerns as to make necessary a higher authority.

Several of the German states, as Brunswick, Mecklenburg, and Saxony, went even further than Prussia in demanding that all employers should belong to some kind of mutual sick association.

Between the law of 1854 and the universal state insurance is the important act of June 21, 1869, for the North German Confederacy. A more liberal politics had gained such influence as to modify profoundly the element of compulsion in these trade laws. In sections 140 and 141 the obligation, by local or higher authority, to join sick, friendly, or burial societies connected with the guilds, was removed. It was affirmed in secton 140, that no change was introduced. The result was, however, very marked in an increasing indifference to these associations. The advocates of the state insurance of 1883 claimed that the acts of 1869 and 1874 were so under control of the "Manchester liberalism" as to loosen the very bonds that held the guilds together. It is true that an appeal was made, through both these acts, to the voluntary impulse for association, rather than to force. It was claimed that both employers and employed might be brought voluntarily to form such associations as were most conducive to their interests. Before giving the results which were traced directly to these less stringent acts, it should be said that the issue between liberals and conservatives was growing into ever sharper outline: Can the workers be formed into societies in which the members will be insured against sickness, death, etc., without compulsion by the state? The liberals did not, as was often said, deny that compulsion was necessary if the insurance was to be effected immediately. They held that the voluntary principle would eventually work out the problem far more satisfactorily both for laborer and for employer.

"Compulsion may do it sooner, but it will do it badly; larger freedom will bring slower results, but safer ones," was the liberal view. The conservatives, who looked to the state for the solution, believed it to be unsafe to wait for the slow action of voluntary agencies. Three facts of extraordinary practical consequence favored the state party, viz., the extreme disturbance in business that followed the crisis of 1874, the rapid growth of the social democratic party, and the two attacks upon the emperor's life in 1878. Especially the two latter facts were of supreme importance in hastening the application of compulsion on an imperial scale. The meager results, moreover, of the legislation of 1869 and 1876 may be seen at a glance. In 1876 there were in Prussia 5,239 compulsory societies, with 869,204 members. Between this date and 1880 only 123,000 in all Prussia were brought into new societies for insurance against sickness. In the rest of Germany some 120 new societies only were formed. If in this period the element of compulsion were omitted, only an insignificant number would have remained whose formation into societies was wholly owing to their free choice.

The Prussian official statistics of 1880 showed that 839,602 members belonged to registered friendly societies, 220,000 to the miners' societies, and 200,000 to the non-registered friendly societies, in all 1,259,602, at most, out of 2,400,000 of those employed in mines and industries which came within the law. Though there was still everywhere the possibility of local compulsion, the last acts had made it so little effective as to leave these scant results. One-half of those for whom the societies (sickness, relief, and burial) were meant, were still uninsured.

The government used these facts with telling effect. It declared that the condition of the friendly and other associations had been so little helped by the act of 1876, that if those classes were to be reached, for whom insurance was most essential, compulsion alone was adequate. It was said, "The laborers have shown little energy and less good will, neither is there any trace of those educative influences which the free choice of the laborer was supposed to induce." The government further complained that the manufacturers had also been exceedingly lax in doing their part toward the formation of such societies. But worse than all were the communes (townships or districts) which had remained behind even the worst fears of the government. "The only good result of the act of 1876 was to make it wholly clear, to all who cared to know the facts, that the most dependent class could only be reached by the strong hand of the state." The act of July 18, 1881, therefore came into effect. Radical changes were introduced, especially into sections 97–104. Every assistance that was possible was afforded the guild to protect it from dissolution. It was claimed that a strong and efficient laboring class would not merely be preserved, but yet further developed, by guarding the guilds. It was claimed that the advance of higher trade and industrial education depended to a large extent on a vigorous condition of the guild. The number of apprentices an employer might have was regulated, not primarily with reference to general business interests, but to the bearing such regulation might have upon the success of the guild. If the demands of those who fought for these societies had been fully met by the law, the guilds would have become wholly compulsory and examinations for fitness rigidly enforced for employer and workman alike. In spite of the radical opposition, this legislation was continued by the acts of 1884 and 1886–'87.

The first act of the imperial state insurance came into effect in 1883, the second in 1884, so that our guild history has brought us into the midst of the universal compulsory insurance. At the present date (1892) it looks as if the best days of the guilds were over. In spite of all that government has done to revive the old and create new unions there is every fatal sign of an institution out of relations with modern industry. The demands of the guild party seem, since 1887, to have less and less influence upon the legislators. The only real privileges that are enjoyed now depend upon some sort of superiority which the guild can show. If through the technical schools they can prove

special excellence of work certain privileges may be acquired. The guilds now existing are, in part, those for special trades, or several trades in special districts, the first in the cities, the second in the country. Probably in all Germany there are at the present time some 10,000 guilds, with a membership of 320,000. The largest number is in North Germany, Prussia alone having 7,800; 7,441 have been reorganized; 2,782 are new. In spite of the fact that hardly one-twelfth of the masters are in guilds, their organization has enabled them to bring strong pressure to bear upon the government. From the moment, however, that the scheme of compulsory insurance became more definite these organizations of masters and journeymen were looked upon as an indispensable means of carrying out the project. The sick societies already connected with these associations and their compact organization made them the fittest instrument for government purposes so far as these societies covered the ground. Each year seems, however, to show a lessened influence of the guild. The masters have, in the cities, a political influence of considerable importance, and the government appears to favor them, but one is told plainly by the practical men in the offices where the state insurance is administered that the guild is not very seriously to be reckoned with. "The great machine will now go its way wholly independent of these traditionary bodies," was the remark recently made by an official.

An illustration may now be given from among the miners' societies (*Knappschaftskassen*) which will illustrate in more detail the actual working of the insurance principle. In this bit of history is to be seen almost every feature, good and bad, which the imperial scheme now presents. These societies provided for sickness, accident, burial, and also granted pensions to orphans, widows, and invalids, thus covering even more than the state laws now cover (*a*). In its later development the mining society was administered by a committee composed half of employers, half of laborers. The contributions were also divided between both. The employer was made responsible for the entire sum, being allowed later to deduct the laborers' share from the wages when paid. Thus it is seen why this special form of association was chosen by the government as a type upon which to build the imperial structure.

While these are among the most hardy of the insurance organizations and show no sign of weakness, the others are rapidly losing their significance. The general guild of baker, shoemaker, or carpenter is in the city. The social element is very prominent, but more than all it is

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a Except that under the accident law the widow and orphan do receive help. It is, however, the express purpose of this insurance plan to extend its provisions, at the earliest practical moment, to widows and orphans. It is believed by many friends of the legislation to be an error that this was not done before the old age and invalidity law. At the congress in Bonn in 1891 Herr Bödiker expressed the conviction that the time was not at all distant when the whole class of widows and orphans would be included. The reason why nothing, or so little, is now said of this extension is doubtless the great accumulation of difficulties under the present laws.

brought more and more into competition with the factory system. The more ambitious among the workingmen go to the "great business" for the sake of the freedom which the small master can not give. The factory centres are thus the home of social democracy. Both members of trades unions and socialists look with contempt upon the petty restrictions which surround the lives of apprentices and of journeymen in the petty town industries. These influences play no part in the vast and varied German mining industries. Of even greater importance is the great age of the societies in this industry and the singular unity of procedure, which gives to the entire history of the *Knappschaftskassen* such value for this insurance history. The constant succession of exceptional risks not only brought out the insurance principle in its earliest forms, but state legislation in behalf of the laborers shows itself earlier and more boldly here. As would be expected, the protection of the law begins at the points of greatest danger. No industry shows a more constant tragic average of misfortune than that part of mining which is socially most necessary.

The danger scale in some other industries, *e. g.*, seafaring, was as high, but practical difficulties prevented any form of insurance. In mining the laborers were so associated in compact communities and the causes of sickness, accident, and death could so easily be seen that primitive forms of insurance by benefit societies naturally arose. Such societies were regulated by various local customs for generations before any laws existed. Laws may, however, be traced to the thirteenth and even to the twelfth century. Though these laws were administered by the employers or their agents there was for centuries no compulsion. The principle of free private initiative everywhere prevailed. These earliest records settle one fact about which there has been endless dispute in discussing industrial legislation. The strictly economic consideration seems in these origins not to have been the determining factor. Like the beginnings of English factory legislation an element that is distinctly ethical is oftenest the controlling one. Pity and human sympathy play in this long history just as real a part as business or economic considerations. This is mentioned here because in the discussion concerning national compulsory insurance in Germany before 1870 those who sympathized with this daring reform were often ridiculed for "mixing Christianity and business."

Two years before the passing of the first insurance law (that of sickness) it was plainly said in explaining the first draught of the accident bill: "It is the duty of humanity and of Christianity for the state to interest itself to a greater degree in those of its members who need help. It is a duty to cultivate beneficent institutions. This will be no novelty, but a further evolution of the modern idea of the state, a result of Christian morality, in accordance with which the state should not merely discharge the duties of self defence, but those also of a positive character in promoting the welfare of all its members, and especially

of the weak and needy." It was against this "ethical function of the state" that political radicals and orthodox economists alike directed their sharpest fire. The state, they maintained, has no business with a positive moral policy in affairs of trade and business.

The miners' relief societies, though they had neither help nor interference from the state, yet applied those ideas of a moral nature to their own self constituted unions. They did, in a word, freely, upon the principles of self help, what the state was finally asked to do by distinguished thinkers, whose speculations furnished the real origin of "universal compulsory insurance as an ethical principle." Politicians and economists of the liberal school made no objection to the application of sympathy and morality if privately inspired and without appeals to the state. Throughout this long polemic they ask only that the state leave such industrial bodies to manage for and by themselves all such business relations between employer and employed as concern charity, morals, and good fellowship.

As this strife has been so long and so serious, it is important to recognize the incontestable fact of history that in these first conditions, out of which compulsory insurance grew, there are found the ethical elements of sympathy, pity, and good will, playing so important a part as to mould first the customs and then the laws of these primitive insurance societies.

Nothing is more obvious than the fact that mere business did not alone dictate those first regulations that made the strong and the fortunate willingly help to bear the burden of the weak. The opponents of state insurance make no issue as to this fact; they only insist that the state can not, from its very nature, carry out and enforce such principles as those upon which universal insurance rests. The believers in such state insurance carry over the ethical idea, that already existed in the small free group, into the state, asserting that the state, with compulsory powers, is alone competent to secure the blessing of such insurance to the whole masses of the people. Thus there is a distinct issue of fact rather than of theory. From the thirteenth century to the time of Frederick the Great nothing like compulsory insurance, even in small mines, can be said to have existed. Until the Prussian law of 1854 there was no general state compulsion for miners.

It becomes thus of prime importance to know what actual experience as to this question these earlier conditions furnish. Is there evidence to show that without state compulsion all those who needed insurance would in time have insured themselves? This has been stoutly claimed both in France and Germany. Again, if but two-thirds of the miners were found to insure themselves voluntarily, and a third refused through ignorance or indifference, what measures shall be taken, if any, to secure their lot against industrial and other risks connected with their work? The opponents of state insurance have contended that it would be better that this third should go uninsured rather

than to seek aid through the state's compulsion. Again, are large insurance groups preferable to smaller ones? Or is it possible to administer, in the imperial interest, so vast a number of groups without regrouping them upon quite other than the old lines for the sake of that simplicity which a unified administration demands?

THE INSURANCE IN THE HARZ MINING REGION.

For at least a partial answer to these inquiries, rich material is found in the long experience of a single mining centre. These questions involve, moreover, the most important issues of the problem of state insurance. The illustration chosen will throw light upon every one of these vexed questions in the dispute.

No special case will serve better as an example of this growth than the group of societies found in the region about the upper Harz mountains. Here is a history of singular completeness, three and a half centuries old. Several of the great landowners of the region have been as intelligent as they were just in their dealings with the population. The present Prince Wernigerode has among the miners the name of a humane and generous patron.

Mining ordinances may be seen in Goslar from the year 1524, which contain express provision for the distribution of compensation, both for accidents and sickness. In one of these it is stated: "He who breaks any member of the body so as seriously to interfere with his capacity to work shall receive from the common fund an amount equal to eight weeks' wages, besides free care of the physician." There are differences in the amounts of compensation that point to such distinctions as the present laws make between different risks.

To get more unity as well as more strength into the working of these primitive societies, representatives from the different mines, before the year 1600, simplified the regulations and united such of the adjacent groups as could better gain their end by working together. No fundamental change occured in the rules and management until the middle of the present century.

It is important to note that the independent initiative of the miners is, in all this history, most prominent. The entire internal management belonged exclusively to the workingmen. The classification of needs, whether of sickness or accident, is loose. The principle oftenest announced is, "We give to the sick, injured, or needy a compensation according to his necessities and according to the amount of funds on hand." As the groups were small and each member known to the other, the distribution seems to have been managed with fairness and to the general satisfaction.

The fund was raised by contributions from the miners, each paying a small weekly allowance and also a percentage of his weekly wages.

The action of the owners and managers had to do only with the

external regulations. They took good care that no legal right to compensation should get itself established, but gave the miners every chance, through greater economy in the mining or in working over "the remains," to make considerable additions to their common fund. These privileges were further extended in the eighteenth century. The time during which the pension is paid was also extended, and new distinctions were introduced between those who work regularly and those who work for short or irregular periods. A distinction, not at first known, was made between those who die a natural death and those who die from accident. In a word, the process of differentiation began which marked an approach toward the more scientific categories of modern insurance.

With the new machinery of modern mining and the concentration of large capital several of the mines about the Brocken were brought under one common management. Here began upon a small scale the same process of unifying insurance methods which has since extended to the whole empire. Each mine had its own traditions, which were so sacred that several attempts to modify them according to the new needs failed. Not until January 1861 were three of the more important centres brought under common control. Many local peculiarities were destroyed, to the bitter disappointment of the miners. The members of the separate mines fought against the unifying process for essentially the same reasons that inspired the hostility of Bavaria Hesse and Baden against the imperial demands for unity of administration in the extension of the state insurance of 1883 and 1884.

From 1861 to the present time this extension of the imperial administration has gone on eliminating innumerable local peculiarities, though always with the purpose, in theory at least, of preserving them as far as possible.

After 1861 in the Upper Harz better pensions were paid; 5½ thalers ($3.93) were given at time of burial, 3 thalers ($2.14) "milk money" to those members whose wives could not suckle their children, 2 thalers ($1.43) "confirmation money," and a very important contribution for any special need "that should excite the sympathy of the brothers."

Extra payments were also made for church and school purposes, though smaller sums were allowed for these objects, while money for church decorations, marriage gifts, etc., which had played a great role in the past, were cut off altogether.

At this point a difficulty appears which will meet us at every step of the development. The unifying process tends to break up the small groups, as well as to destroy many associations and traditions that exercised a powerful, though sentimental, influence in these societies. The closer personal relations are broken up, as they are more and more in the world market between employer and employed. The distinctively social element, with its easier and more willing sacrifices upon the part of the members, such as may be seen in many English friendly societies, tends to lessen or fall away altogether.

The other side of the difficulty is in the larger groups with which the administration has to deal. Here the members know each other less, as they are less known by the managers, so that for the freer and more willing sacrifices of the members external compulsion has to be substituted.

This difficulty is not a theoretical but an actual one. In the small group free medicine was given out apparently without serious abuse, but with the larger and less individually responsible group it is found that the medicines are wastefully used, and restrictions are put upon their distribution. Playing sick also begins to make its ominous appearance where the new grouping makes malingering possible. Groups that had before 1850 hardly more playing sick than obtains in the army, record more than double the evil after 1868 and onwards. We shall see distinct and important advantages coincident with the extension of a centralized state control, but no exposition or criticism of this legislation is adequate which omits very real evils of the type just indicated. From the beginning it was the express object of the state to guard the local initiation to the utmost. It will appear, however, precisely as here in the Harz, that the changes which a larger and more centralized administration has made necessary tend always, with a kind of fatality, toward a diminishing of the local freedom and a strengthening of the central control. The field is so vast and the mechanism of the law so complicated that merely to make the laws work the directive power has ever more and more to be simplified, a process in which local differences and peculiarities of view or management are likely to suffer.

After the new grouping in the Harz societies, in 1861, only five years elapsed before another great change occurred. The rise of Prussia, after the war of 1866, brought in a new mining law (October 1867) which forced on further reorganization. New areas had again to be created. The opposition of the societies was active from the first in spite of every assurance that each fund should be left, as far as possible, unmodified. A special appeal was made to the good will of the miners, and while it was not disguised that a higher premium must be paid by the members a larger pension was also promised. Some societies had been more prudent in the management of their funds, or had fewer old members, yet the exigencies of a simple and unified control demanded much equalizing of these conditions. Two years passed before the societies could be brought to yield, and the law passed in July 1869. The statutes were now based, not upon Hanoverian, but upon Prussian laws. Under the new regulations the members of the insured groups received: (1) A permanent invalid insurance; (2) a widow's pension for life or till remarriage; (3) a support for the education of children of deceased or invalid members until the fourteenth year of age; (4) doctors' care and medicines free; (5) pay during sickness; and (6) burial money.

Funds for these purposes were raised by contributions both of employer and employed. Fines, as well as the interest on the reserves, were all turned into the treasury of the society. The first workings of these regulations were rudely broken in upon by the Franco-Prussian war of 1870. In 1871 was passed the famous employers' liability act, through which the mine owners were made liable for death or accident that could be proved in any way, directly or indirectly, the fault of the owner.

As the burden of proving the case against the employer was thrown so largely upon the employed complaints showed themselves early. "How can the laborer," it was said, "ignorant of the law and without capital, be expected to have either the courage or the intelligence necessary to put him into any sort of equality with the employer?" Endless bitterness was not only caused by the workings of this law but extreme delays occurred in the settlement of cases. The dissatisfaction here was only a part of that which showed itself throughout most of Germany.

One further result may be noted which arose from the higher pension paid to the sick and injured. Partly arising from breaking up of the old societies, but also due to the higher sick pay, playing sick among the irresponsible laborers began to show itself in such degree as to force the managers to begin the sick pay after three days sickness had elapsed, and to separate the sick pay from the pensions proper in such manner as to throw the chief burden of raising the funds for sickness upon the laborers themselves. When it was made clear to the laborers that they alone paid the bills for shamming sickness, it was made so uncomfortable for those who aroused suspicion as to make a real and permanent difference in the numbers of the sick and in the amount of sick allowance. In one of the Harz reports the following occurs:

When the laborer is conscious that what he does and gives is for himself and for those he personally knows, he will make his sacrifices easily and intelligently. To this direct and immediate interest of the laborer in the success of a small society, where he knows all and is known, is due the control of most serious weaknesses that arise in other societies so large that no member feels responsible for the general success.

In 1883–'84 compulsory insurance for sickness and accidents became a part of imperial legislation. This involved in the Harz the further throwing together of small societies "for the sake of unity and simplicity." The effort was honestly made to guard the privileges, methods, and even the traditions of the small societies as far as the requirements of the new legislation would allow. It was, however, not possible to bring the local regulations of hundreds of different societies throughout Germany into harmony with a systematic body of laws without sacrificing some local peculiarities of method which were conservative

of good simply because they stood in direct relation to powerful individual and group interests. The older statutes recognized a wide variety of wages and of wage payments. The very nature of the imperial laws made it inevitable that many of these local differences should be "smoothed away for the sake of uniformity."

It will also appear that many and distinct gains resulted from this unifying process of universal compulsory state legislation, chief of which was the far greater cheapness of administration which followed the new organization. A single administrative body for a dozen small and separate bodies of miners was found to be far less wasteful, as well as, in many respects, more efficient than many separate administrations. The single control could, precisely like a large business interest, command a far higher order of business ability to manage the affairs.

It will appear later that these same reasons are urged even more pressingly in favor of unifying the trade associations under the accident law, and also for bringing the three laws themselves under a single control.

CHARACTER OF THE DISCUSSION IMMEDIATELY PRECEDING THE SICKNESS LAW OF 1883.

We have thus reached the period immediately preceding the passage of the accident and sickness laws. We have seen the social and economic theories as well as the actual tradition and experience upon which these laws are to rest. The rapidity with which measures so vast and complicated were brought to a practical completion was owing not only to the dreaded growth of socialism and the attacks upon the emperor's life, but also to the imperious will of Bismarck. Especially from 1878 it is impossible at any moment to disconnect this history from his personality. By the believers in this legislation it is often said, "Bismarck has the glory of it;" and by the disbelievers, "It is all Bismarck's fault." This purely personal element must be borne in mind, and also something of greater moment—the connection in the chancellor's mind of this insurance scheme with other large measures of taxation, especially the tobacco monopoly, which in France, Austria, and other countries had proved so fertile a source of income. It was plainly said that together with the insurance reforms the others must go hand in hand. If money was to be raised upon internal industries the country must, it was said, be protected by higher tariffs from foreign competition. So many private interests seemed here to be threatened that a powerful opposition was roused against the chancellor. In January 1881 a bill was submitted to the Reichstag for insurance against accidents. This was thought to involve more immediate necessities than sickness. The federal council rejected the bill in its first form.

The issues now involved were so grave that a new Reichstag had to

be chosen in closer sympathy with the new plans of social and tariff reforms. When the motive to the first bill was published, many influential conservatives who had hitherto favored the chancellor, shrank back before the "extremes of socialistic concession" which the *Begründung* contained. It was said that the laborers should secure, through legal measures, such clear and palpable advantages that they would learn to see in the state, not merely the protector of upper class interests, but a guardian of the laborers' concerns as well. If in such legislation as was necessary to secure this end, something of socialism was necessary, no one should be frightened by it. It was maintained, moreover, that definitely socialistic elements everywhere existed in the state authorized poor law, which exercised compulsion as distinctly as the proposed insurance laws. "In truth the means that are to be taken for improving the condition of the propertyless classes only involved the question of a more worthy development of state poor relief." It was denied that these steps for social reform should be measured merely by the amount of money they would undoubtedly cost.

The unpopularity of the different measures that Bismarck had united into a single policy was such as to reduce the conservatives from 59 to 50, the free conservatives from 50 to 27, and the national liberals nearly as much. It was at this despairing moment that the chancellor received the startling personal support of the aged emperor.

The Reichstag opened November 17, 1881, with the famous message which is called "the monument of the new social era." The emperor said:

Already in February of this year we have expressed our conviction that the cure for social ills is to be sought not exclusively in the repression of social democratic excesses, but likewise in the positive furthering of the laborers' welfare. We consider it our imperial duty to warmly recommend these tasks again to the Reichstag, and we should look back with greater satisfaction on all successes with which God has visibly blessed our government if we could once take with us the consciousness of leaving behind us to the fatherland new and lasting pledges of its internal peace, and to the needy, greater sureness and abundance of the assistance to which they have claim. In our endeavors directed to this point we are sure of the agreement of all allied governments, and, we trust, in the support of the Reichstag without difference of party position. With this intention the draught of an act upon the insurance of workmen against accident in factories, laid before the allied governments in the previous session, will be subjected to a change, with regard to the negotiations in the Reichstag upon the same, in order to prepare for renewed deliberation upon it. A supplementary bill will be issued for the uniform organization of the industrial sick associations. But those also who are disabled from work by age or invalidity have a well grounded claim to greater care from the state than has hitherto been their share. To find the proper means for such care is a difficult, but also one of the highest tasks of every community which rests upon the moral foundations of a common Christian life, etc.

It is hardly possible to exaggerate the effect of this appeal to the Reichstag upon the German people. Already, in February 1879 and February 1881, the emperor had expressed similar opinions, but in this message of November no doubt was left that the agreement with his chancellor was clear, full, and determined. Those who had claimed that the emperor had been reluctantly brought into the debate were now undeceived. The message was felt at once to be a kind of solemn political testament, and even if Bismarck fell, another minister could only first deal seriously with this earnest wish of the emperor.

Two points in the message have special emphasis: (1) The indigent laborers have just claim to state help and to provision for old age and invalidity; (2) to reach this end much money must be raised. The chief purposes of the chancellor were covered by this appeal. In the Reichstag the first readings of the two bills (sickness and accident) were united, and thus were referred to the same commission. Fifty sittings were given to the first bill alone. Possibly the simple want of time to consider the other, accounts for the fact that the sickness law stands first in the list, though other reasons are assigned for this change in the order. The bill became a law May 31, 1883, by a majority of 117 votes.

It is necessary to note some of the reasons that were adduced for the more extraordinary features of this bill. The most extraordinary, with all that it involved, was the state compulsion. The free tendencies of the act of 1876 were absolutely checked. Insurance against sickness was no longer to depend upon the issuing of special statutes, but was fixed finally by the act for the whole empire. The principle of compulsion was openly meant to apply as early as practicable to 12,000,000 or 13,000,000 people, and eventually, if the hopes and purposes of the advocates were realized, to nearly one-half the population. The criticism which the government directed against the liberal act of 1876 clearly meant that the failure of the act was owing to the opportunity it gave for the avoidance of insurance. But the reasons which the employers and township authorities constantly gave for not furthering the insurance weighed powerfully with the advocates of compulsion. From all sides came the same excuse: "Singly, we are too weak to carry out this insurance. It costs much time and money, so that our competitors, who do not insure, get an instant advantage over us. We do not object to this extra burden if all our rivals are compelled to bear it also."

Many advocates of this insurance are now making precisely the same claim for other countries. It is said, "If the ultimate costs are to become a part of the product, we shall be handicaped to some extent in our foreign trade with those nations that do not have our insurance expenses to bear." It is on the other hand maintained that Germany will finally so raise the standard of living among the laboring class as to get an advantage over those peoples who do not take this insurance for their work people.

Here is the exact argument now used in France by certain large employers who are willing to lower the hours of labor from 11½ to 10½, on condition that all alike are constrained by a state law.

Thus, the evidence which came before the commission in Germany left no doubt that, if insurance were left to local statute or common labor contract, only an inconsiderable part of the laborers would get insured. That part, moreover, which most needed the security would not get it, unless the government dictated uniform conditions for all alike. No one could then complain that his burden was heavier than that of his neighbor.

The question was thoroughly discussed: "If the insurance of the weaker classes is in itself desirable, are not those ways and means best which lead most surely to the end?" It was claimed that no evidence was at hand to show that voluntary methods would insure the very laborers that most required it. No alternative was thus left but that of the state.

This reasoning, as put by the government, could only be met by denying that these classes must at all hazards be insured. It was maintained by the most skilful opponents that there was no proper relation between the government method and the objects it had in view. It was denied that such compulsion could, by such means, work against the socialists, or produce contentment among the laborers, or really add to their economic security. The vast expense of so elaborate a mechanism would, it was said, weigh finally more heavily upon the laborers than upon any other class. One of the ablest opponents in parliament said: "It has been repeatedly shown that it is impossible to give the laborer legislative assistance, except at his own cost. It usually comes to pass, in legislation of this kind, that the laborer has to pay for all kinds of subsidiary objects, either in personal freedom or in the producing power of labor." This entire line of argument seemed, however, to be excluded by the repeated and emphatic admissions of the government leaders that the laborers were now helpless to help themselves, and that they had undeniable right to the state's help.

It was said: "Both emperor and Bismarck have so used the traditions of the monarchy as to make the very concessions which leave the opponents without a case, except on practical grounds where there is too little evidence." Adventurous as the step was, the government wished to make the claim to benefits not a private, but a public one. This, of course, involved both coercion and a vast public institution. But no bald statement of this position is just or intelligible. The ethical motive alone explains the chief perplexities. When it was said that any wide and indiscriminating insurance would at once include the weak, the aged, and the dishonest in such way as to throw the burden of expense upon the strong, the young, and the honest, the reply was never failing, "This is a far nearer approach to justice; why should not the strong help bear the burdens of the weak?" The conception of industrial

weakness as a social fact rather than an individual one so permeates the reasoning on which these acts rest that there seemed no difficulty in making a kind of Christian duty out of the endeavors to meet such difficulties. The laws presuppose a sacrifice by the strong for the sake of the weak, and apparently find no difference between a virtue that is forced and one that is freely exercised. This appears from the extreme emphasis that is given to the Christian and ethical functions of the state.

There was force in the evidence presented that a large number of trades with peculiar risks, of disagreeable character, or especially unhealthful, naturally attracted a class of workmen who could not be expected to insure themselves. Nor could the employer be expected to do his duty from the very fact that the risks were great. These considerations were not drawn from any theoretical view of the situation, but specific trades, like the dye works, quicksilver industry, as well as certain branches of the woollen and cotton trade, were instanced to show that existing free societies refused to take these laborers upon any terms.

One reply to this argument should be noticed. If the government proposes to extend the principle to all who need insurance most, the whole body of workers in the struggling house-industries must be taken in. These have wages so low that even the lowest contributions can not be expected from them. If insured at all the government (that is, the people as a whole) must pay the costs. It was answered that even if this difficulty existed it was no reason why the scheme should not be applied as fast and as far as it proved practicable. It was no condemnation of a remedy that it could not heal all diseases nor be carried out to its full extent at once.

The principle of compulsion once admitted must have an application as wide as every practical exigency demands. Early in the discussion the question arose, shall the laborer's freedom of choice as to which insurance union he will enter be also restricted? All must be insured, the miners and builders each in their own societies, but large numbers of workmen are not easily classified. Shall these be forced to join some society or a specific society? The discussion over the *Zwangs Kasse* and the *Kassenzwang* leaned for a time toward as much liberty as the general law would allow, but it was evident from the first that the government meant to restrict such freedom of choice to the utmost practicable point. The large number of free friendly societies had to be in the beginning considered. It will be seen later that they tend more and more to yield before the exigencies of this government compulsion. As the sick associations were to become fundamental in this scheme, they formed the natural foundation upon which accident insurance was to rest. Compulsion could not be applied to the first without including the second. For the accident law it was at once seen that special associations of employers (*Berufsgenossenschaften*)

must be created, as no other agency would be adequate to supervise carefully enough the interests involved. It was also seen that these trade associations could not be burdened with the innumerable petty accidents of trade. To prevent trickery and simulation smaller organizations were necessary, and at least partial responsibility had to be thrown on the laborers. The sick societies were seen to be the fittest for such duties, in order to shield the accident groups from too great and too risky responsibilities.

Though it was proposed to apply compulsion to those classes for which insurance was socially and economically necessary, it was seen that the extension and application of the principle must depend wholly upon practical considerations. Beginning with the existing labor groups that were already insured, the principle was to extend, as fast as experience warranted, to all those who needed that security which insurance could give. It was at first necessary that the contributions should be collected by the employer and that he should also be made responsible for the same. Thus only those persons could be received under the act who stood in some definite and continuous relation to an employer through a labor contract. Thus were excluded those who lived from temporary services rendered to individuals; those whose connection with their employer was too indefinite, like servants; and the transport service. The practical difficulties were at first felt to be too great in forestry and agriculture, as well as in the fisheries, etc. Statutory powers were, however, given to districts in which the insurance could be extended to those not mentioned in the act.

Further details as to those who are included, benefits received, etc., need not here be given, as this chapter is concerned rather with the history and development of the discussion.

A point much insisted upon was the danger, both social and individual, which came from the extreme neglect of the weaker laborers when sickness or accident occurred. Elaborate proof was given to show how large a class in time of misfortune spent their small earnings or alienated their goods by pawn or sale, only at last to fall back on poor relief. "A workman recovering from an illness at all serious seldom fails to lose courage, as well as to become degraded by his contact with an official charity which puts upon him the stamp of pauper."

Therefore, such care should be at once given as to prevent consequences as bad for the community as for the man himself. As voluntary insurance only reached the stronger and more independent classes of laborers, the state must deal boldly and thoroughly with those whom experience has proved to be beyond the reach of persuasion. It was also claimed that even if the contributions were forced from labor they would serve quite as useful a purpose economically. A large fund would be saved and could, through investment, be put to uses that would increase the productive power of the community. Another argument was advanced precisely like that used by the eight-hour advo-

cates. The law, it was said, would so act as to raise the consuming power of thousands of buyers, and thus stimulate production. It was assumed that vast sums were spent for drink or trifles which would be saved by the forced contribution, and the confident opinion was also expressed that the laborers would gradually be taught the thrift habit by having to save with such regularity these small sums required for their contributions. Another consideration of influence was the confidence felt that the very mechanism of these sick associations, by bringing together the representatives both of the laborers and the employers into a common discussion of interests, would tend to develop the principle of conciliation and arbitration. In the same way it was hoped that these sick associations would develop an educative influence of real importance. The government made every effort to throw administrative responsibility as completely as possible upon these associations. It has been sincere in its purpose to interfere as little as possible with their internal management. The kind of government control exercised is, in intention, that which holds the association up to such standards of accuracy and business thoroughness as will insure its success. If the premium paid is so low as to be neither help nor inspiration to the recipient, it must be raised. As the government is itself implicated in drawing contributions from the laborer, it is in duty bound to see that the administration of such funds is honest and, as far as possible, efficient.

Before passing to the actual text of the act of insurance against sickness, June 15, 1883, a brief summary of the more important features of the law is given, together with some explanatory comments.

CHAPTER II.

THE LAW OF COMPULSORY INSURANCE AGAINST SICKNESS.

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THE DIFFERENT ASSOCIATIONS UNDER THE LAW.

By compulsion under imperial law are insured all those employed in mines, salt works, quarries, factories, building operations, mechanical trades, etc., those working in offices of lawyers and recorders, in sick insurance institutions, in establishments where steam and other motors are in regular use, in post and telegraph offices, in the administration of the army and navy, and smaller officials whose daily wage does not exceed 6⅔ marks ($1.59).

Persons not under compulsion are those receiving a yearly salary above 2,000 marks ($476), those employed in apothecary stores, those working for the same employer less than a week, state officials, soldiers, and all employed for communes in which special provision has been made for sickness.

It is the express purpose of the government to extend the provisions of the law to all classes of working men and women. It was seen from the first that "house-industry," certain classes of apprentices, and the more casual forms of labor would perforce come later, but definite proposals are now made to extend the law as fast and as far as possible and practicable.

By communal statute compulsory insurance may be extended to those working under contract less than one week, to those working for the commune, not mentioned above, to sons and daughters working for their parents or other relatives under no contract, and to clerks and apprentices.

By state law or local statute forest and agricultural laborers may be compulsorily insured. Several states have such laws. Other states reach the same end through the communal insurance.

It will be seen that the exceptions and variations here are wholly upon grounds of immediate practicability. As will appear later, several of the above exceptions have been included, and now proposals are made to include others as fast as the work can be managed.

It is also seen that the division of responsibility for insurance among empire, state, and commune, gives much flexibility to the scheme. The various states of the empire can have additional institutions to suit their peculiar exigencies or traditions.

Experience shows that the criticism often made that the imperial insurance is a hard and fast scheme, which cripples local initiative and variety, is theoretically wholly untrue, and largely untrue in practice.

Miners are forced to belong to their own associations, but most other laborers have a margin of choice.

This law established a compulsion to be insured, but it did not establish a compulsion to insure in a certain association. It maintained the previously existing associations, and established three kinds of new associations. Every one can choose which one he will join. If, however, he does not join any club of his own accord, he is compelled to join the so-called communal sick association.

The various sick insurance associations are as follows: (1) Communal (district or township) (*Gemeindekrankenversicherungen*); (2) local (*Ortskrankenkassen*); (3) factory (*Betriebs-[Fabrik-]Krankenkassen*); (4) building (*Baukrankenkassen*); (5) guild (*Innungskrankenkassen*); (6) miners' (*Knappschaftskassen*); (7) free (*Hülfskassen*).

Here are seven different associations, under some one of which all those working men and women who come under the sick insurance must be enrolled as members. Precisely as a large number of groups were found in the earlier history to be expensive, because of the multiplicity of officials doing for each association essentially the same service, so now it begins to appear that great sums may be saved by a new combination, which will bring at least a part of these seven societies under more centralized management. Statistics are each year helping all to see that the larger groups can render more and better service at a cheaper rate. The announcement is almost daily made from some quarter that one of the smaller associations—building, guild, or free—has disbanded because it could get more for its contribution in the local fund.

There are strong indications that at no distant day the vast majority if not all, will be found in a single society.

These various societies have grown up, like that of the miners or the guild, naturally. The empire, as far as possible, accepted them with their methods, disturbing or changing them only so far as necessary from the point of view of the administration, or for political reasons, as is believed to be the case with many of the free friendly societies.

Any form of association that can be made use of for socialistic propaganda, or in any way defeat the ends of the imperial insurance, naturally excites suspicion.

THE COMMUNAL SICK ASSOCIATION (*Gemeindekrankenversicherung*).

This is the loosest and most miscellaneous of the group. Into it are gathered all those who can not be managed under either of the other divisions. It is not a "legal person," but only a part of the communal administration. The funds must be separately administered, but several districts, if necessary, may be brought under one society of this name. South Germany is the birthplace of this branch of insurance. It grew out of the necessity of dealing with a class of the poor who sought the *towns. It was thought* that the poor funds could be protected thus.

It took most perfect form in Bavaria by the laws of 1850 and 1869. In Baden, in 1870, servants and laborers received under these laws medicine and attendance—ninety days in Bavaria and fifty-six in Baden. This aid was not to be considered public charity. The towns could raise contributions, called a sick tax, from these persons. This obligation of the town could be transferred to employers who had fifty or more employed. Grants to build new factories could be conditioned upon the acceptance by employers of this obligation.

One of the first German authorities states his opinion privately that this communal or town association will in future play a far greater part in this insurance history. He believes that under communal administration there will be but a single association, which will include both the sick and accident associations. It is true that, from the laborer's point of view, it is wholly unimportant whether he is kept from work by sickness or accident. So that the great difference between sickness and accident laws may be said to rest on artificial grounds.

If thus it should prove with experience that two separate organizations are unnecessary, "the accident law will be abandoned and the sick law be so amplified as to cover all cases of disability, whether of sickness or accident, which do not last more than one year. If lasting longer, they will pass under the old age and invalidity law."

Dr. Zacher speaks of this group as—

> The subsidiary communal (township) sick insurance, which strictly speaking is not a sick association, but a communal institution, comprehending all those who are liable to insurance, but who belong neither to a voluntary nor to an obligatory sick association.

THE LOCAL SICK ASSOCIATION (*Ortskrankenkasse*).

This is the largest and most important of the associations. The management here is very elastic. Two or more communes may be brought under its provisions. Associations of building, factory, and other funds are often affiliated with it. By section 21 of the law, provision is made for an extension of pay to the sick, or the time for which help is given. This association is becoming ever more popular, partly because of the larger freedom which it assures. It is almost certain to grow, relatively to the others, into overwhelming preponderance.

THE FACTORY SICK ASSOCIATION (*Betriebs-[Fabrik]-Krankenkasse*).

Employers, if they have 50 laborers, may form for them an association of their own. If the business is open to unusual risks they may be compelled to do this, either by the commune or by the sick society of which their laborers had been members. These laws aim at throwing risks, as far as possible, upon the industrial group to which risks are peculiar. This principle is highly developed in the accident law. If a local association has a low average risk to meet among its

members it refuses to burden itself with a new group of laborers from a factory with special dangers.

The management of the communal or town association is by the town authority, and the management of the factory fund is by the work people themselves and the employers. The difference between a factory association and a local association is that in the factory association there is usually only one employer, while in the local association there are many employers.

THE BUILDING SICK ASSOCIATION (*Baukrankenkasse*).

This is for workers upon highways, fortifications, railroads, canals, etc. The employers are put under special obligations in this association, as the laborers are often put to great risks and the working time is very unequal. The commune may, if its own number of transient laborers is too great, compel an employer to form such fund when otherwise his men might become members of a local association.

These various associations (with the exception above indicated) are legal persons. They have their own statutes. All members with civil rights may take part in the administration, and elect delegates and committees.

THE GUILD SICK ASSOCIATION (*Innungskrankenkasse*).

These are the associations formed in various trades by the guilds. They are not legal persons, but only a portion of the guild and its objects. They must keep separate accounts and place themselves under the government and authorities for state supervision. They are based upon section 6 of the trade ordinances and section 73 of the sick insurance law.

THE MINERS' ASSOCIATION (*Knappschaftskasse*).

This is compulsory in a more definite sense since there is no choice allowed among the various funds. Compulsion is here also oldest, dating from the Prussian law of 1854. The administration is under the common control of a committee composed of employers and employed. The miners have a voice in making the statutes and may exercise great influence in the societies. Like the guild associations, other aims are united with insurance.

THE FREE ASSOCIATION (FRIENDLY SOCIETY) (*Hülfskasse*).

These are of special interest for many reasons. As the guilds were long encouraged by the government, these free societies have been openly discouraged; chiefly because they were feared as centres of political agitation. The regulations to which they have had to submit have been such as steadily to put them to relative disadvantage.

They are either "registered," after the law of 1876 (amended in 1884),

or are based upon the older laws of different states. Thus they are not really created by the law, and are of importance under it only as being obliged to pay the minimum aid which the law prescribes. It has been estimated that the cost of sickness in the local associations was in 1890 11.91 marks ($2.83) for each member and 14.65 marks ($3.49) for each member of the registered free associations.

This is important as these larger benefits are given in the free associations in spite of the fact that the employers pay no contribution, nor do the free funds get help from officials in the way of service.

If these independent societies are compared with the town (communal) associations, the benefits given by the free associations will be even more marked.

Again, while the local association limits itself in most cases to the legal minimum of service, the free association in at least 75 per cent. of cases gives more than the law demands.

In 1891 the administrative costs were in the free 9.5 per cent. of the ordinary expenses, as against 10.7 per cent. in the local associations. The average aid of the free associations was 2 marks (48 cents) per sick day or equal to the best results in the compulsory associations. The members of the free associations have not been interfered with in choosing any physician they liked, while in many of the other associations this choice has had to be greatly restricted, out of regard to expense or simulating sickness.

Many of the free associations are fighting so stubbornly for their freedom that several associations unite in order to secure doctors and medicines more cheaply. Though this movement is very recent, above 10,000 members are said to have joined in it. The evidence is, however, daily stronger that the free associations will gradually fall away to merge themselves in the compulsory groups—chiefly the local. The issues raised by this long and bitter struggle to preserve the free societies, is of far greater importance in other countries like England and America, where the various forms of free associations are so much more numerous and influential. Mr. Chamberlain's scheme for old age insurance in England has been blocked by the simple fear of hostility from the friendly societies. It is admitted that no plan has any hope that can not be adjusted to the continued life and vigor of these free associations.

For better or for worse these societies in Germany are being destroyed.

RELATIVE NUMBER INSURED—PERCENTAGES FOR 1891.

Probably over 40 per cent. already belong to the local associations; 23 per cent. to the factory; 13 or 14 per cent. to the free friendly; 12 per cent. to the communal or town; 8 per cent. to the miners'; and nearly 2 per cent. to the building associations. Far higher estimates are given for the local fund. In Prussia already 52 per cent. belong to this fund; in Würtemberg 54.5 per cent. In Bavaria the town association pre-

dominates, having 56.7 per cent., as it had there strong local traditions before the imperial law.

Only in Alsace-Lorraine is the factory fund strong, having 60.2 per cent. The registered free associations are as strong in the minor states, having in Lippe 81.3 per cent., in Brunswick 31.8 per cent., and in Altenburg 35.9 per cent.

CONCERNING MEMBERSHIP.

Every man under obligation to insure belongs to that local, factory, guild, or building association which exists in the place where he works, from the moment his work begins. If he is employed by a master who belongs to a guild, he must enter the guild sick association. If for any reason he can not belong to this he becomes a member of the town association.

Upon the employer is thrown the responsibility of giving notice to the proper association of every new laborer in his employ. The dismissal of each man must also be announced. No notice need be given if the laborer proves his membership in a free society.

The man can not choose whether he will be a member or not. When he comes into employment, his employer pays the amount of his contribution and deducts it from the wages, provided the man does not tell him, "I am a member of a friendly society;" in that case he has to show his ticket, and to show that his friendly society is registered, and then he is not compelled to pay the amount; but in any other case the employer himself deducts the amount from the wages. The fact of his employment secures his contribution.

CONTRIBUTIONS.

The contributions in the communal sick associations are based upon average wages of ordinary laborers. These may be called upon for contributions up to 2 per cent. of their wages. The contributions in the local, factory, building, and guild associations are based upon the average wages of the insured members up to a maximum of 3 marks (71 cents) daily. For special cases, the contributions may be based also upon individual instead of average wages of the group. The maximum wage, upon which contributions are based, must not in such cases be above 4 marks (95 cents) daily. The expenses must in no case exceed 4½ per cent. of the wages. The institution is in no case allowed to continue if this last provision can not be met. The members then pass over into the communal or town association.

The miners' associations are also usually regulated according to a fixed per cent. of wages.

In all these branches of sick insurance two-thirds of the contributions must be paid by the insured and one-third by the employer. For the

actual payment of the same the employer alone is held responsible. Upon the next pay day the employer may subtract the laborer's two-thirds from the wages due.

Not only members of the free associations, as we have seen, but voluntary members in certain compulsory associations have no claim on employers' contributions.

The local, factory, building, and guild associations may demand entrance fees—a maximum of six times the weekly contribution—unless the member has belonged to some other association for at least thirteen weeks.

Demand for sickness contributions may be deferred until the patient is able to take up his work.

The contributions to the associations are regulated in such a way that to the communal or town associations all the work people have to contribute between 1 and 1½ per cent. of their wages. To the factory association, and to the local association, the contribution is a higher one, being between 2 and 3 per cent. of the average wages, but everywhere this contribution is collected in such a way that the employer has to deduct from the wages as much as will be sufficient for this contribution. The employers themselves have to contribute to the factory association, and also to the local association, half the amount that the work people contribute, so that of the whole sum there is contributed two-thirds by the work people and one-third by the employers.

THE AID GIVEN.

Though there is variation in the amount of aid given in the different associations, the law sets certain limits that must in all cases be respected.

In the communal or town associations the aid granted is definitely fixed by law:—no aid to lying-in women, no death money, only the maximum aid to patients for thirteen weeks, 50 per cent. of the average wage of common laborers, besides free medical attendance and medicines, is granted as sick pay.

The local, factory, building, and guild associations do not make the above exceptions as to death money and lying-in women. The minimum aid is free medicines and treatment, and, in case of disability to work, sick pay after the third day of illness. (These three days were excepted to avoid a too easy advantage that might be taken of the law in case of slight sickness or accident.) The minimum sick pay is 50 per cent. of the average wages of the class to which the patient belongs. The maximum is 75 per cent. of wages up to 3 marks (71 cents), or, in certain cases, up to 4 marks (95 cents).

Instead of medical attendance and sick pay, free treatment in a hospital may be given to those who are without a family, or whose family consents, or, in special cases, without the family's consent. A portion

of the sick pay then goes to the family. The sick pay must be given for thirteen weeks, and may be continued up to one year.

The aid to women in confinement is given from four to six weeks. The woman must have been insured six months in that year.

In case of death, twenty times the amount of average wages of common laborers is given; in no case above forty times this sum.

The miners' associations have the same minimum benefits as the factory associations.

SICK INSURANCE ASSOCIATIONS IN GERMANY, 1885 TO 1891.

	Year.	Communal.	Local.	Factory.	Building trades.	Trades guilds	Registered friendly societies.	Independent state associations.	Total associations.
Associations.....	1885	7,125	3,700	5,500	101	224	1,818	474	18,942
	1886	7,170	3,747	5,658	127	289	1,876	490	19,357
	1887	7,363	3,763	5,757	131	352	1,878	471	19,715
	1888	7,852	3,893	5,868	135	401	1,853	466	20,468
	1889	7,926	4,030	5,958	150	425	1,866	467	20,822
	1890	8,011	4,119	6,124	130	452	1,869	468	21,173
	1891	8,145	4,219	6,244	132	467	1,841	450	21,498
Members, Jan. 1.	1885	545,187	1,161,208	1,201,361	11,378	15,839	655,969	136,289	3,727,231
	1886	580,451	1,532,134	1,268,840	13,131	27,104	741,035	145,510	4,308,205
	1887	623,491	1,699,787	1,320,467	12,134	34,649	724,152	145,338	4,560,018
	1888	625,212	1,905,460	1,378,084	17,263	43,926	722,309	140,785	4,833,039
	1889	885,999	2,218,533	1,462,706	27,657	51,458	755,828	143,434	5,545,615
	1890	994,036	2,449,700	1,611,762	21,423	58,617	786,007	144,092	6,065,637
	1891	1,041,193	2,563,132	1,693,517	10,664	61,875	819,403	140,036	6,329,820
Cases of sickness.	1885	206,079	617,088	643,346	10,431	13,173	272,801	41,911	1,804,829
	1886	185,765	624,343	559,820	11,217	11,033	278,143	42,333	1,712,654
	1887	195,643	658,535	550,080	11,513	14,596	264,439	44,100	1,738,906
	1888	194,615	699,704	539,539	18,699	14,870	253,748	41,345	1,762,520
	1889	255,008	822,832	599,726	19,277	18,670	283,447	43,122	2,042,082
	1890	301,287	972,653	740,652	12,810	23,136	323,466	48,346	2,422,350
	1891	297,377	1,008,164	684,600	12,331	24,281	326,706	44,367	2,397,826
Days of sickness.	1885	2,540,016	8,677,928	8,035,990	144,313	120,015	4,801,276	981,640	25,301,178
	1886	2,642,986	9,400,898	7,933,051	165,292	148,257	4,991,333	999,620	26,281,437
	1887	2,708,589	10,255,106	7,882,527	174,357	190,192	4,834,597	977,337	27,112,705
	1888	3,048,449	11,796,929	8,417,511	238,140	232,472	4,870,591	924,678	29,528,770
	1889	3,965,469	13,753,560	9,034,014	305,449	264,377	5,191,551	914,262	33,428,682
	1890	4,605,862	16,336,271	10,784,966	217,304	338,604	5,881,013	1,012,669	39,176,689
	1891	4,825,017	17,462,210	10,878,086	189,108	381,881	6,097,407	964,911	40,798,620
Income.....	1885	$1,098,077	$5,098,432	$6,094,342	$101,662	$75,061	$2,715,615	$548,693	$15,731,882
	1886	1,262,987	5,916,185	6,249,540	123,533	106,766	3,048,034	658,957	17,366,002
	1887	1,347,654	6,804,323	6,592,537	128,158	141,629	3,109,493	661,137	18,784,931
	1888	1,648,678	8,428,197	7,442,870	176,481	193,155	3,282,734	703,519	21,875,634
	1889	2,130,337	9,610,943	8,023,691	250,371	218,985	3,461,686	706,087	24,402,100
	1890	2,405,497	10,699,824	9,116,071	185,937	261,233	3,882,642	713,675	27,264,879
	1891	2,534,976	11,500,951	9,317,285	168,669	285,942	3,998,864	760,921	28,567,608
Contributions of employers and employés, and admission fees.	1885	$954,439	$4,541,333	$4,866,677	$87,491	$65,617	$2,400,917	$443,675	$13,360,149
	1886	1,017,726	5,378,490	5,183,542	94,688	91,829	2,546,281	474,037	14,786,593
	1887	1,094,497	6,166,967	5,463,938	94,290	127,037	2,589,575	477,049	16,013,353
	1888	1,292,782	7,214,722	5,806,417	136,378	155,665	2,726,514	481,612	17,814,090
	1889	1,684,915	8,296,784	6,301,972	190,801	179,140	2,913,930	496,307	20,063,849
	1890	1,804,265	8,976,432	6,980,102	137,841	213,213	3,098,502	504,906	21,715,261
	1891	1,916,376	9,683,164	7,297,486	128,174	233,475	3,278,234	491,409	23,028,315
Balance from preceding year and interest.	1885	$143,638	$557,099	$1,227,665	$14,171	$9,444	$314,698	$105,018	$2,371,733
	1886	245,261	537,695	1,065,998	28,845	14,937	501,753	184,920	2,579,409
	1887	253,157	637,356	1,128,599	33,868	14,592	519,918	184,088	2,771,578
	1888	355,896	1,213,475	1,636,453	40,103	37,490	556,220	221,907	4,061,544
	1889	445,422	1,314,159	1,721,719	59,570	39,845	547,756	209,780	4,338,251
	1890	601,232	1,723,392	2,135,969	48,096	48,020	784,140	208,769	5,549,618
	1891	618,600	1,817,787	2,019,799	40,495	52,467	720,630	269,515	5,539,293
Expenses, exclusive of invested capital.	1885	$985,209	$4,156,720	$4,387,289	$73,145	$60,036	$2,388,908	$478,638	$12,529,945
	1886	1,127,493	5,039,431	4,683,170	99,028	83,876	2,439,336	509,092	13,981,426
	1887	1,183,616	5,476,262	4,779,059	94,825	108,411	2,401,207	490,866	14,534,246
	1888	1,350,290	6,436,892	5,293,184	126,697	135,242	2,473,328	508,475	16,324,108
	1889	1,777,739	7,580,299	5,752,682	191,581	156,252	2,701,770	535,299	18,695,622
	1890	2,085,640	8,917,461	6,997,978	143,672	209,968	3,132,890	586,429	22,065,038
	1891	2,215,608	9,777,379	7,295,138	126,283	227,109	3,325,538	553,452	23,520,507

SICK INSURANCE ASSOCIATIONS IN GERMANY, 1885 TO 1891—Continued.

	Year.	Communal.	Local.	Factory.	Building trades.	Trades guilds.	Registered friendly societies.	Independent state associations.	Total associations.
Cases of sickness per member insured.	1885	0.4	0.5	0.5	0.9	0.8	0.4	0.3	0.5
	1886	0.3	0.4	0.4	0.9	0.4	0.4	0.3	0.4
	1887	0.3	0.4	0.4	0.9	0.4	0.4	0.3	0.4
	1888	0.3	0.4	0.4	1.1	0.3	0.4	0.3	0.4
	1889	0.3	0.4	0.4	0.7	0.4	0.4	0.3	0.4
	1890	0.3	0.4	0.5	0.6	0.4	0.4	0.3	0.4
	1891	0.3	0.4	0.4	1.2	0.4	0.4	0.3	0.4
Days of sickness per member insured.	1885	4.7	7.5	6.7	12.7	7.6	7.3	7.2	6.8
	1886	4.6	6.1	6.3	12.6	5.5	6.7	6.9	6.1
	1887	4.5	6.0	6.0	14.4	5.5	6.7	6.7	5.9
	1888	4.9	6.2	6.1	13.8	5.3	6.7	6.6	6.1
	1889	4.5	6.2	6.2	11.0	5.1	6.9	6.4	6.0
	1890	4.6	6.7	6.7	10.1	5.8	7.5	7.0	6.5
	1891	4.6	6.8	6.4	17.7	6.2	7.4	6.9	6.4
Cost of sickness.	1885	$949,702	$3,307,977	$4,163,476	$67,593	$50,270	$2,139,723	$402,464	$11,281,205
	1886	1,069,442	4,295,287	4,485,359	88,377	69,770	2,186,196	429,351	12,623,782
	1887	1,107,475	4,680,890	4,599,094	87,374	90,644	2,147,548	425,067	13,138,092
	1888	1,253,649	5,545,288	5,005,138	112,462	111,964	2,205,563	417,569	14,651,633
	1889	1,674,064	6,564,925	5,503,629	172,536	131,996	2,414,889	430,056	16,892,095
	1890	1,942,645	7,781,657	6,660,223	129,893	171,842	2,826,212	489,051	20,001,523
	1891	2,044,668	8,487,131	7,004,386	116,691	191,629	3,001,528	466,577	21,312,610
Cost of administration.	1885	$4,214	$598,539	$52,096	$1,248	$6,825	$195,522	$37,076	$805,520
	1886	(a)	555,143	34,695	2,496	9,846	202,384	40,603	845,167
	1887	(a)	609,298	33,956	1,625	13,984	209,690	41,599	910,144
	1888	(a)	721,234	46,974	3,046	15,026	232,961	41,921	1,069,162
	1889	(a)	803,318	46,930	4,626	20,011	256,016	45,047	1,175,968
	b1890								
	b1891								
Percentage of expense for sickness.	1885	96.40	84.39	94.90	92.41	83.73	89.57	84.09	90.03
	1886	94.85	85.23	95.78	89.24	83.18	89.62	84.34	90.29
	1887	93.57	85.48	96.23	92.14	83.61	89.44	86.60	90.59
	1888	92.84	86.15	94.56	88.76	82.79	89.17	82.12	89.75
	1889	94.17	86.61	95.67	90.06	84.38	89.38	80.34	90.35
	1890	93.14	87.26	95.17	90.41	85.51	90.21	83.39	90.65
	1891	92.28	86.80	96.01	92.40	84.38	90.26	84.30	90.61
Percentage of expense for administration.	1885	0.43	12.23	1.19	1.71	11.37	8.18	7.75	6.43
	1886	(a)	11.02	0.74	2.52	11.74	8.30	7.98	6.64
	1887	(a)	11.15	0.71	1.71	12.90	8.73	8.47	6.56
	1888	(a)	11.33	0.89	2.40	11.11	9.42	8.24	6.55
	1889	(a)	10.60	0.82	2.41	12.81	9.48	8.42	6.29
	b1890								
	b1891								
Expense per member insured for sickness.	1885	$1.74	$3.02	$3.47	$5.94	$3.17	$3.26	$2.95	$3.03
	1886	1.84	2.80	3.54	6.73	2.57	2.95	2.95	2.93
	1887	1.78	2.75	3.48	7.19	2.53	2.97	2.86	2.88
	1888	2.01	2.86	3.63	6.51	2.55	3.05	2.97	3.03
	1889	1.89	2.96	3.76	6.24	2.57	3.20	3.00	3.05
	1890	1.94	3.18	4.13	6.06	2.93	3.58	3.39	3.30
	1891	1.96	3.31	4.14	10.94	3.10	3.66	3.33	3.37
Expense per member for administration.	1885	$0.01	$0.44	$0.04	$0.11	$0.43	$0.30	$0.27	$0.22
	1886	(a)	.36	.03	.19	.36	.27	.28	.20
	1887	(a)	.36	.03	.13	.40	.29	.29	.20
	1888	(a)	.38	.03	.18	.34	.32	.30	.22
	1889	(a)	.36	.03	.17	.39	.34	.31	.21
	b1890								
	b1891								
Average membership of associations.	1885	77	314	218	113	71	361	288	197
	1886	81	409	224	103	94	395	297	223
	1887	85	452	229	93	98	386	309	231
	1888	80	459	235	128	110	390	302	236
	1889	112	551	246	184	121	405	307	266
	1890	124	595	263	165	130	421	308	286
	1891	128	608	271	81	132	445	311	294
Cost of medical attendance and medicines.	1885	$397,755	$1,341,282	$1,887,216	$24,084	$14,267	.....	.....	$3,664,604
	1886	491,484	1,635,068	2,018,431	31,744	22,807	.....	.....	4,199,634
	1887	499,830	1,780,623	2,071,800	30,664	31,196	.....	.....	4,417,123
	1888	595,283	2,137,670	2,257,349	38,422	39,000	.....	.....	5,067,724
	1889	709,208	2,564,141	2,496,975	55,349	45,642	.....	.....	5,961,315
	1890	915,320	3,013,824	2,933,947	45,372	61,442	.....	.....	6,999,905
	1891	931,590	3,237,699	3,059,134	42,468	67,234	.....	.....	7,398,125

a The towns bear the expense. b Details for 1890 and 1891 not given.

SICK INSURANCE ASSOCIATIONS IN GERMANY, 1885 TO 1891—Concluded.

	Year.	Communal.	Local.	Factory.	Building trades.	Trades guilds.	Registered friendly societies.	Independent state associations.	Total associations.
Amounts paid for sick benefits.	1885	$281,575	$1,510,257	$1,705,332	$21,887	$22,589	.....	.....	$3,541,640
	1886	331,679	1,795,253	1,827,923	28,003	28,052	.....	.....	4,010,910
	1887	361,147	1,954,511	1,879,086	26,949	33,801	.....	.....	4,255,594
	1888	394,463	2,313,931	2,070,600	40,410	41,183	.....	.....	4,860,587
	1889	507,699	2,662,905	2,210,093	63,955	48,412	.....	.....	5,493,064
	1890	606,423	3,336,412	2,831,655	48,656	65,975	.....	.....	6,889,151
	1891	620,495	3,589,574	2,923,484	41,133	72,229	.....	.....	7,246,915

The expenditures of the various associations for the care and maintenance of the sick in 1890 and 1891 were distributed as shown by the following table; for the years 1885, 1886, 1887, 1888, and 1889 the detailed expenditures are not given:

EXPENDITURES OF SICK INSURANCE ASSOCIATIONS FOR THE CARE AND MAINTENANCE OF THE SICK.

	Year.	Communal.	Local.	Factory.	Building trades.	Trades guilds.	Registered friendly societies.	Independent state associations.	Total associations.
Medical attendance.	1890	$573,892	$1,571,854	$1,579,916	$30,101	$35,730	$168,330	$34,640	$3,994,463
Medicines	1890	371,428	1,441,969	1,354,031	15,271	25,712	136,419	31,733	3,376,563
Sick benefits	1890	606,423	3,336,442	2,831,655	48,656	65,975	2,242,282	360,886	9,492,319
Hospital service	1890	390,902	1,431,392	894,621	35,865	44,425	279,181	61,792	3,138,178
Total cost of sickness.	1890	1,942,645	7,781,657	6,660,223	129,893	171,842	2,826,212	489,051	20,001,523
Medical attendance.	1891	599,161	1,696,021	1,666,967	29,055	38,474	187,118	33,816	4,250,612
Medicines	1891	392,430	1,541,677	1,392,167	13,413	28,760	147,210	29,132	3,544,789
Sick benefits	1891	620,495	3,589,574	2,923,484	41,133	72,228	2,367,347	348,048	9,962,309
Hospital service	1891	432,582	1,659,859	1,021,768	33,090	52,167	299,853	55,581	3,554,900
Total cost of sickness.	1891	2,044,668	8,487,131	7,004,386	116,691	191,629	3,001,528	466,577	21,312,610

Imperial statistics issued early in 1892 show a steady tendency toward an increase in the number of sick days and also an increase in the expense. In the preceding table are shown averages of sick days among the insured and the cost per sick case. It is probable that the influenza which extended far into 1890 had, in this higher percentage, much influence.

The rise in costs is at least in part from a more ample medical attendance and care. The opinion is, however, often expressed that both these tendencies of increase are unpropitious and not fully explained.

The report of the local association in Dresden, 1891, shows an unexpected high expense. Among the men, sickness increased 13 per cent. over the previous year; among the women 20 per cent. The

length of sickness also increased. Influenza is considered here also the chief reason, although it is doubted if this is an adequate explanation.

As with the larger number of accidents since the accident law, it is more probable that many ailments, which would have passed unnoticed or uncomplained of, are now made the most of under the sickness law. There are instances in which a given group of 100 workmen show a far higher percentage of sick cases after the law than before, and that when no exceptional cause like influenza was acting. It is clearly unfair to consider this wholly bad, or to class such increase exclusively under simulation. It is admitted that in ordinary industry a large number of illnesses as well as accidents ought to be brought to the notice of the medical authorities. This is more and more seen to be for the interest of the association, as well as for the interest of the sufferer. "The earliest healing of every industrial hurt is found to be cheapest" is now a common saying among employers.

TEXT OF THE LAW.

[NOTE.—The chief part of this translation, together with that of the accident law, was done under the supervision of Professor F. W. Taussig, and appeared in the Quarterly Journal of Economics for November 1887. Non-essential parts of the text of the law are omitted, and of some parts only an abstract is given.]

AN ACT FOR INSURANCE AGAINST SICKNESS, APPROVED JUNE 15, 1883.

A. COMPULSORY INSURANCE.

SECTION 1. Persons who are employed at a salary or for wages (1) in mines, salt works, establishments in which ores are treated, quarries, pits, factories, smelting works, railroads and river steamships, on wharves, and in building operations; (2) in mechanical trades and in any permanent manufacturing occupation; (3) in establishments in which machines moved by steam or other natural power (wind, water, gas, hot air, etc.) are used, except where there is no more than temporary use of a machine not forming part of the plant—shall be insured against sickness according to the provisions of this act, excepting those persons mentioned in section 2, paragraphs 2 to 6, and excepting those whose employment is from its nature temporary or limited by contract to a period of less than one week. Administrative officers (*Betriebsbeamte*) are subject to compulsory insurance only if their pay does not exceed 6⅔ marks ($1.59) for every work day.

Salary or wages, in the sense of this act, shall include *tantièmes* and payments in kind. The money equivalent of the latter is to be reckoned according to the average prices of the locality.

SEC. 2. A commune, or an association of communes, may by ordi-

nance extend the provisions of section 1 to: (1) Those persons specified in section 1 whose employment is from its nature temporary or limited by contract to a period of less than one week; (2) clerks and apprentices in mercantile establishments and in apothecaries' shops; (3) persons employed in transportation otherwise than as specified in section 1; (4) persons employed outside the seat of the establishment by those carrying on a mechanical trade (*Gewerbetreibende*); (5) persons carrying on independently a mechanical trade in their own establishments, at the orders and on account of others (household industry); (6) agricultural laborers and those employed in forests. * * *

SEC. 3. [Provides that persons employed in the public service of the empire, of one of its constituent states, or of a municipal body, at fixed salaries, are not to be affected by the act.]

B. COMMUNAL SICK ASSOCIATIONS.

SEC. 4. For all persons subject to compulsory insurance, insurance takes place at the hand of the commune (*Gemeindekrankenversicherung*), unless undertaken by a local sick association (*Ortskrankenkasse*, section 16); by a sick association for a particular factory (*Betriebs-*[*Fabrik-*]*Krankenkasse*, section 59); a sick association for an establishment carrying on building operations (*Baukrankenkasse*, section 69); a sick association of the guilds (*Innungskrankenkasse*, section 73); or a registered or duly authorized friendly sick association (*Hülfskasse*, section 75). Persons of the kind mentioned in sections 1, 2, and 3, who are not subject to insurance, and domestic servants, shall have the right to join the *Gemeindekrankenversicherung* in the commune in which they are employed. They may join by written or verbal notice to the commune or its officers, but shall have no rights to benefits in case of sickness that has begun at the time of giving notice. Those who have joined and have failed to pay the insurance contributions for two successive dates of their falling due forfeit their insurance at the hand of the commune.

SEC. 5. Those persons for whom *Gemeindekrankenversicherung* takes place are to be given by the commune within whose limits they are employed benefits in case of sickness, or in case of disability from work brought about by sickness. From such persons the commune shall raise sick insurance contributions (section 9).

SEC. 6. There shall be granted as benefits in case of sickness: (1) From the beginning of sickness, gratuitous medical attendance, medicines, spectacles, trusses, and similar appliances; (2) in case of disability from work, for each working day, beginning with the third day after the day on which sickness begins, a sick pay of one-half of the daily pay of ordinary laborers in the locality.

These benefits shall cease, at latest, at the close of the thirteenth week after the beginning of the sickness.

The communes are empowered to make regulations whereby sick

pay is to be granted only in part or not at all in cases where the sickness has been brought about intentionally, by criminal participation in assaults and brawls, by drunkenness, or by sexual excesses; and also regulations whereby persons who are not subject to compulsory insurance and who voluntarily join the *Gemeindekrankenversicherung* are to obtain aid only at the close of a specified period after their joining, that period, however, not to exceed six weeks.

Sick pay is to be paid at the close of each week.

SEC. 7. In place of the benefits prescribed in section 6, free treatment in a hospital may be given: (1) For those who are married or members of a family, with the consent of their family, or without that consent if the sickness calls for treatment such as can not be given properly by the family; (2) for all other persons unconditionally.

If the person taken to a hospital has others dependent on him, whom he has previously supported, he is to receive in addition to free hospital treatment the sick pay provided for in section 6.

SEC. 8. The amount of the daily wages of ordinary laborers in each locality is to be determined by the higher administrative authorities after consultation with the communal authorities. The determination is to be made separately for men and for women, for young persons and for adults. Apprentices shall be assumed to receive the wages of young persons.

SEC. 9. The insurance contributions to be raised by the communes, except as otherwise provided in section 10, are not to exceed 1½ per cent. of the daily wages of the locality, and are to be raised at that rate unless otherwise provided for. Separate accounts are to be kept by the communes of the receipts and expenses for this purpose.

If the receipts on insurance account do not suffice for the payments due from it, the deficit is to be made good from the general resources of the commune, and is to be repaid to the commune out of the insurance account, provided that the provisions of section 10 in regard to that account have been complied with.

SEC. 10. If the yearly accounts show that the lawful insurance contributions do not suffice to pay the lawful benefits, the contributions can be raised, with the consent of the higher administrative authorities, to 2 per cent. of the ordinary daily wages of the locality. Any excess of receipts over expenses, so far as not needed to reimburse the commune for advances made by it, is to be used for the accumulation of a reserve fund to the amount of the annual average total receipts. The contributions shall then be lowered to 1½ per cent. of the ordinary daily wages of the place. If, thereafter, an excess of receipts still remains, the commune shall determine whether contributions are to be further lowered or an increase in the benefits granted is to be made. Should the commune take no action, the higher administrative authority may require a reduction of the contributions.

SEC. 11. If persons for whom *Gemeindekrankenversicherung* has set

in, leave the occupations whereby they became entitled to that insurance and do not enter an occupation in which they become by this act entitled to insurance, their right to aid shall continue so long as they continue to pay the insurance contributions, and either remain in the commune in which they formerly lived or else have their domicile in the commune in which they were last employed.

SEC. 12. A number of communes can agree to unite for joint communal insurance. Detailed provisions are made for such joint action, which can also be prescribed by the higher administrative bodies.

SEC. 13. If in any commune there are less than fifty persons for whom communal insurance is to take place, or if the yearly accounts of any commune show, after the increase of the insurance contributions to 2 per cent. of daily wages, that permanent supplements from the general funds of the communes are needed to pay the benefits herein provided for, such commune on its own application can be joined by the higher administrative authorities with one or more neighboring communes for joint insurance. Should these conditions take place for the majority of the communes belonging to a larger communal association, the higher administrative authorities may require that such larger communal association shall take the place of the individual communes for the purpose of sick insurance.

SECS. 14 and 15. [These sections make further and detailed provisions for joint action by communes.]

C. LOCAL SICK ASSOCIATIONS.

SEC. 16. The communes shall have the right to establish for persons liable to insurance, who are employed within their limits, *Ortskrankenkassen*, provided that the number of persons to be insured by such association be at least one hundred. The *Ortskrankenkassen* shall be established, as a rule, for persons employed in one trade or in one class of occupations. Joint *Ortskrankenkassen* may be established for several trades, or several classes of occupations, if the number employed in the individual trades or occupations is less than one hundred.

Trades or occupations in which one hundred or more persons are employed can be united with other trades or occupations in a joint *Ortskrankenkasse* only in case the persons employed have been given an opportunity to express their wishes in regard to the establishment of the joint association. Should there be opposition, the higher administrative body is to decide as to the establishment of such joint association.

SEC. 17. The higher administrative body may require the commune to establish an *Ortskrankenkasse* for persons employed in a trade or occupation, if such action is requested by the persons concerned, and if this request, after opportunity given for the expression of opinion by all concerned, is made by more than half of these and by at least one hundred persons. A similar requirement may be made for the establishment of a joint *Ortskrankenkasse* for a number of trades or

occupations, if more than one-half of the persons employed in each trade and in each occupation, and at least one hundred persons, join in the request.

[Further provision is then made for the establishment of *Ortskrankenkassen*, which are authorized in certain cases even if their membership is less than one hundred.]

SEC. 20. The *Ortskrankenkassen* shall provide at the least: (1) A sick pay, which is to be ascertained in the manner specified in sections 6, 7, and 8, substituting, however, for the daily wages of ordinary laborers the average daily wages of those trades or classes for whom the association is established, in so far as that average shall not exceed 3 marks (71 cents) per working day; (2) a similar payment to women in childbirth for three weeks after the birth; (3) in case of death, a payment of twenty times the average wages of day laborers in the locality, as described in section 8.

The average wages of the members of such an association may also be arranged in classes, in so far as there are differences between the wages of different members. In such case, the average daily wages in any one class shall not be fixed at more than 4 marks (95 cents) per day nor at less than the amount of the wages of ordinary laborers (section 8).

SEC. 21. [Provides that *Ortskrankenkassen*, if they see fit, may enlarge their benefits by extending the time for which aid shall be granted, by increasing the amount of sick pay, by granting sick pay to those who are treated in hospitals, and in other specified ways; but they may not provide for benefits to invalids, widows, or orphans.]

SEC. 22. The contributions to the *Ortskrankenkassen* are to be fixed at a percentage of daily wages sufficient, when added to such other receipts as there may be, to provide for the statutory benefits, running expenses, and a reserve fund as required by section 32.

SEC. 23. The communal authority, after a hearing of the persons concerned or their representatives, shall establish bylaws (*Kassenstatut*) for each *Ortskrankenkasse*. The bylaws shall determine: (1) The classification of the persons subject to insurance who are to be members of the association; (2) the benefits to be given; (3) the amount of the contributions; (4) the choice of the executive committee (*Vorstand*) and its powers; (5) the composition of the general meeting and the manner in which it shall be called and shall conduct its business; (6) the manner of amending the rules and regulations; (7) the rendering and auditing of the yearly accounts. The bylaws shall contain nothing inconsistent with the objects of the association or with provisions of law.

SEC. 24. The bylaws of the association must be approved by the higher administrative authorities, which shall take action with regard to them within six weeks, and shall approve them unless they fail to comply with the provisions of this law. If approval is refused, the

reasons therefor shall be communicated. [Provision is made for an appeal from such a decision of the higher administrative authorities.] * * *

SEC. 26. * * * The bylaws may further determine: (1) That members who have repeatedly defrauded the association shall be excluded; (2) that members who have brought on their sickness intentionally, by criminal participation in assaults or brawls, by drunkenness, or by sexual excesses, shall not receive the benefits, or receive them only in part; (3) that a member who has received the statutory benefits for thirteen weeks uninterruptedly, or for thirteen weeks of a single calendar year, shall receive, on occasion of a new sickness, the lawful minimum of aid only if a period of thirteen weeks or more has elapsed between the granting of the previous aid and the beginning of the new sickness; (4) that persons not subject to compulsory insurance, who have become voluntarily members of the association, shall not receive aid until the end of a period not exceeding six weeks after their joining the association.

[The next sections make further provisions as to the *Ortskrankenkassen*, among others that membership shall cease when the payment of contributions has not been made on two successive dates of payment due; that members who lose their employment shall retain their right to aid from the association for a period of not more than three weeks after the time when their membership ceases; that employers who are under an obligation to make payments to the association out of their own means shall have a representation on its executive committee not exceeding one-third the number of the committee; that several communes can unite for the establishment of joint *Ortskrankenkassen*.] * * *

SEC. 44. The supervision of the *Ortskrankenkassen* shall be undertaken in communes of more than ten thousand inhabitants by the communal authorities; elsewhere, by such authorities as may be designated by the governments of the respective federal states.

SEC. 45. The supervising authority shall see that the provisions of law and of the bylaws are obeyed, and may compel obedience by threatening and fixing penalties on the officers of associations. It may inspect all transactions, books, and accounts of the association, and examine the cash. It may require meetings of the officers of the association to be held, and, in case of need, may itself call such meetings. * * *

D. PROVISIONS COMMON TO COMMUNAL AND LOCAL SICK ASSOCIATIONS.

SEC. 49. Employers shall give notice, within three days after employment begins, of every person employed by them to whom *Gemeindekrankenversicherung* applies or who belongs to an *Ortskrankenkasse*, and shall give notice, within three days after the close of the employment, of such close. [Provision is made for the places at which these notices shall be given.]

SEC. 50. Employers who fail to give the notices required of them shall

reimburse all expenses incurred in consequence of statutory provision by a commune or an *Ortskrankenkasse*, in aid of any person who shall have become sick before notice given.

SEC. 51. Employers shall pay in advance the contributions which shall become due, by statute or lawful regulation, to the *Gemeindekrankenversicherung* or to an *Ortskrankenkasse*, for persons employed by them. Contributions to the former shall be paid weekly, unless otherwise determined by vote of the communal authorities. Contributions to the latter shall be paid at the periods fixed by their rules and regulations. Contributions shall continue to be paid until the required notice of termination of employment has been given. Money so paid may be refunded to the employer, if the person on whose account it was paid shall have parted in the meanwhile from the insuring body to which the payment was made.

SEC. 52. Employers shall pay out of their own means one-third of the contributions due on account of persons employed by them and liable to insurance. By local ordinance (section 2) it may be provided that employers who do not use steam boilers or other machinery propelled by natural power, and who do not employ more than two persons subject to compulsory insurance, shall be released from the obligation to make contributions out of their own means.

SEC. 53. Employers shall have the right to subtract from the wages of persons employed by them the contributions which they are obliged to pay for such persons, in so far as they are not obliged by section 52 to pay such contributions out of their own means, provided that such subtractions shall be made proportionally to the wages due at any one time of payment. * * *

SEC. 56. The rights accruing under this act to persons entitled to benefits may not be forfeited, transferred, or pledged, and may be offset only by contributions due on account of them.

SEC. 57. The obligation of communes or poor law associations for the maintenance of persons in need of aid, and the rights which persons insured under this act may have by contract or by force of law, against third persons, shall not be affected by this act.

In case a commune or poor law association grants aid, lawfully required of it, for a period during which the person aided had rights by force of this act, such rights shall accrue to the commune or association to the extent of the aid granted by it. The same shall hold good of employers and associations which shall have fulfilled, under requirement of law, an obligation incumbent upon communes or poor law associations.

In case the *Gemeindekrankenversicherung* or an *Ortskrankenkasse* shall have granted benefits in a case of sickness for which the insured person had a legal right of indemnity against third persons, this claim, to the extent of the benefits granted, shall accrue to the *Gemeindekrankenversicherung* or the *Ortskrankenkasse*. * * *

E. SICK ASSOCIATIONS FOR PARTICULAR FACTORIES.

SEC. 59. Associations which shall be created for one or more establishments carrying on the trades specified in section 1, and which shall provide, by contract or factory rules, for the compulsory membership of the persons employed in such establishments, shall be subject to the following provisions:

SEC. 60. An employer who employs in one or more establishments fifty or more persons subject to compulsory insurance shall have the right to establish a *Betriebs-* (*Fabrik-*) *Krankenkasse.* He may be compelled, by order of the higher administrative authority, to establish such association, if a request to this effect is made by the commune in which the employment takes place or by the sick association of which the persons employed are members. Before such an order is issued, the employer shall have an opportunity to be heard; the persons employed by him, or their elected representatives, shall have a similar opportunity; and, should the request come from an *Ortskrankenkasse,* the commune also shall have such opportunity.

SEC. 61. Employers in whose works there is peculiar danger of sickness to the persons employed may be compelled to establish a *Betriebs-* (*Fabrik-*) *Krankenkasse,* even though they employ less than fifty persons. Employers employing less than fifty persons may be permitted to establish such an association, if its permanent financial solvency is made certain in a manner satisfactory to the higher administrative authority.

SEC. 62. Employers who fail to fulfil the obligation to establish a *Betriebs-* (*Fabrik-*) *Krankenkasse* within a period to be determined by the higher administrative authority shall pay out of their own means for every person employed by them and subject to compulsory insurance, contributions of not more than 5 per cent. of the wages earned, to the *Gemeindekrankenversicherung* or to the *Ortskrankenkasse.* The extent of such contributions shall be fixed without appeal by the higher administrative authority after a hearing of the communal authorities.

[Further rules are then laid down for these *Betriebs-* (*Fabrik-*) *Krankenkassen.* The manner of making out their bylaws is determined, the provisions in regard to the *Ortskrankenkassen* being made to apply to them, with certain modifications.]

SEC. 65. The employers in whose establishments such associations are established shall pay out of their own means one-third of the contributions due for members by the statutes of the associations. They shall have the right to deduct from wages, at each regular payment of wages, two-thirds of the contributions due, the deduction being made proportionally to the wages then due.

In case the minimum benefits required of the association can not be covered by contributions, after these contributions have reached 3 per cent. of the average daily wages or earnings of the persons insured,

the employers shall pay out of their own means the additional sums needed. * * *

F. Sick Associations for Establishments Carrying on Building Operations.

Sec. 69. For persons employed in building railroads, canals, roads, levees, dikes, and fortifications, as well as in any other temporary building operations, *Baukrankenkassen* shall be established, at the order of the higher administrative authority, by the persons carrying on the operations, if they employ for a continuous period of time a considerable number of workmen.

Sec. 70. The obligations hereby imposed upon the persons carrying on building operations may be transferred, with the consent of the higher administrative authority, to one or more contractors undertaking a part or the whole of such operations on their own account, provided such contractors give security to the higher administrative authority for the fulfilment of their obligations.

Sec. 71. Builders who do not fulfil the obligation imposed upon them by section 69 shall pay out of their own means to persons employed by them or their representatives, the aids provided for such persons by section 20 in case of sickness and death. * * *

G. Sick Associations of the Guilds.

Sick associations of the guilds of the same mechanical trade (*Innungskrankenkassen*) are legally constituted according to regulations of the trade ordinance which provide for sick funds to be administered by the guild for their journeymen and apprentices.

Sec. 73. [Defines the sections of this law by which the guild associations are regulated as well as the regulations under section 6 of the trade ordinance. In a general way, it may be said that they are put on the same basis as the local sick associations.]

H. Miners' and Free Friendly Sick Associations.

Sec. 74. [Prescribes that members of the miners' associations (*Knappschaftskassen**) regulated by the federated states are not subject to other insurance against sickness in so far as their association is at least on the same level as the factory associations.]

Sec. 75. [Directs in the same way that members of free friendly societies (*Hülfskassen*) are not obliged to enter the compulsory insurance so long as their society affords at least the same benefits as the township association in that place where the free association is situated. Societies which grant neither medical attendance nor medicine, etc., will be considered as fulfilling this condition if they grant, instead, three-fourths of the daily pay of ordinary laborers in the locality. (See

* *Knappschaft* means also trade corporation, but is now exclusively for the groups of miners as insured; also for free associations.

later changes.) The most important difference between these free associations and the compulsory institutions is that the employers pay no contributions to them and that their members have not the advantages of the free administration by the townships.]

I. CONCLUDING REGULATIONS.

SEC. 77. The benefits prescribed by this law are not to be considered as grants of public charity.

SEC. 80. The employers are forbidden to lessen the benefits of the employed under this law by special contract with them or special factory regulations. All such contracts or regulations are legally void.

SECS. 81 and 82. [Employers omitting the punctual notices are fined with a maximum fine of 20 marks ($4.76). Those who subtract from the wages more than they are entitled to, are fined as high as 300 marks ($71.40).]

SEC. 88. [States that part of the regulations of this act will become law December 1, 1883, and the rest December 1, 1884.]

AMENDMENTS OF APRIL 10, 1892, TO THE LAW OF JUNE 15, 1883.

The amendments contain also that part of the "Extension law" of May 28, 1885, which relates to sick insurance.

A. COMPULSORY INSURANCE.

SECTION 1. The compulsory insurance is extended (1) to all those employed in commercial trades, with the exception of apothecaries; (2) to lawyers, administrative officers of the law courts, of the sick insurance funds, of the insurance societies, of the trade associations (organs of compulsory insurance against accidents); (3) to all employed on river boats and other vessels and to dredgers; (4) to those engaged in the administration of postal service or telegraph, the army and navy forces, in so far as their employed have not already been provided for in case of sickness.

SEC. 2. Compulsory insurance can be extended by the governments of the empire, or of the federated states, to all other persons in the service of the empire or the states who have not yet been mentioned. Soldiers are excluded; also those who have already rights exceeding the benefits of this law.

SEC. 3. There may be excluded from compulsion under this law, on their own initiative, (1) persons who are only partly or temporarily able to earn their livelihood, in consequence of old age, chronic ailments, or deformity, if the poor law union consents to their exclusion; (2) such workingmen as have already legitimate claims against their employer in case of sickness, provided the employer is considered able to afford the minimum help of this law; (3) apprentices for whom free hospital care is provided by their employers; (4) inmates of the workingmen's

colonies, or other persons employed by charitable institutions in order to keep them in some kind of occupation (charitable wood yards, etc.).

B. COMMUNAL SICK ASSOCIATIONS.

SEC. 4. The townships can extend the right to enter the communal sick insurance association to all persons not earning over 2,000 marks ($476) a year. For voluntary members their employers have no contributions to pay.

SEC. 6. Members can be excluded from the benefits (1) for twelve months when they act criminally to the detriment of the insurance funds by fraud, etc.; (2) for certain cases of illness, when these are incurred by criminal participation in assaults and brawls, by drunkenness, or by sexual immorality; (3) when a member has obtained aid for thirteen weeks out of the year and is again sick with the same complaint, he or she can be excluded from the benefits after the new case has lasted more than thirteen weeks in the following twelvemonth.

The benefits can be extended (1) to Sundays and festival days and the first three days of the illness; (2) to the members of the family of the insured, but in this case additional contributions have to be paid as section 8 prescribes. The benefits can be limited by the regulation that only certain doctors, certain apothecaries, and certain hospitals are appointed by the towns, and that in ordinary cases no others can be applied to. The towns can also make regulations about the notices of cases, the behavior of patients, and the control over them. These regulations must, however, be sanctioned by the higher authorities.

SEC. 7. Not only married persons but all those who have a home have a right to be treated there in ordinary cases. This right expires when their malady is contagious, or when the patient does not obey the regulation, or when his condition or behavior makes constant observation necessary. If the person removed to the hospital has others dependent on his wages, he is to receive, besides his free hospital treatment, half the sick pay provided for in section 6. This money is meant for those dependent on him and can be paid directly to them.

C. LOCAL SICK ASSOCIATIONS.

SEC. 20. The payment to women in childbirth is extended to four weeks at the least, and is given for as long a time as the trade ordinance forbids them to carry on their occupation, but the women must have paid contributions at least six months out of the twelve preceding their confinement.

SEC. 21. The local association can extend its aid (1) by granting it from the very day the sickness begins, and also for Sundays and festival days; the majority of both employers and employed have to consent to this measure, or the legal reserve funds must be drawn upon. They can further extend their sphere by granting aid to convalescents for one year, and maintaining convalescent homes; (2) by giving sick pay

to all female members for six weeks after childbirth; (3) by granting this help also to the wives of members.

SEC. 22. Such sick associations as extend their aid to the families of the insured members can raise special contributions from married members. Such local associations as are established for different branches of trade can measure the contributions for each branch by the risk incurred in the trade; the approbation of the higher authorities is, however, necessary before such a step can be taken.

SEC. 26. The local associations can take the same measures as the town sick associations, according to sections 4 and 6. They have, also, the right to fix the contributions and benefits in proportion to the individual wages of every member instead of the average wages of all.

SEC. 33. In cases where an immediate diminution of expenses or increase of receipts becomes necessary to keep the association efficient, the authorities can prescribe a provisional augmentation of the contributions or diminution of the benefits.

SEC. 34. The members of the committee receive no salary, but the statutes can grant them indemnification for loss of time and earnings. Only in certain special cases can the members refuse to serve on the committee.

SEC. 46. All or several town and local associations in the same district of supervision can form themselves into a society through which they appoint the same officials for all, choose the same doctors, dispensaries, and hospitals, and have a common home for convalescents, etc.

D. PROVISIONS COMMON TO COMMUNAL AND LOCAL SICK ASSOCIATIONS.

SEC. 49. The free friendly associations have to give notice to the authorities of the local and communal associations for the sick whenever one of the members in their district lays down his or her membership or enters a division where he pays a smaller contribution than before. Certain officials of the friendly societies are made responsible for punctual notices.

SEC. 52. Employers who fail to pay the contributions punctually, and who have been found to be insolvent, can be declared liable only for their own share of the contributions (one-third of the total). In this case their workmen have themselves to deliver their part of the contributions at the insurance office and take upon themselves the responsibility which generally lies with the employer. (*a*)

SEC. 53. The insured have to allow the employer to subtract from their wages the entrance fees and contributions, the latter without the one-third for which the employer is responsible. The employers can

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a This new paragraph has been caused by the corrupt practice of many small employers, especially in the building trade, of subtracting the contributions from the wages of their men, in the meantime paying nothing into the sick fund and declaring themselves insolvent when the contributions were required.

collect these contributions only by subtraction of the part due at the regular pay days.

SEC. 54. During a sickness which incapacitates the patient from work no contributions have to be paid. These patients have their rights of membership undiminished.

SEC. 56. The claims accruing to the insured under this law are valid for two years after their origin.

When as many as thirty members require other doctors, dispensaries, or hospitals than those engaged by the association or commune, the higher authorities can make such new regulations as they see fit.

G. SICK ASSOCIATIONS OF THE GUILDS.

SEC. 73. Where a guild sick association is founded, all the persons employed by masters of the guild become at once members of the guild association. The members of the free friendly societies (section 75) only are excepted. At the same moment they cease to be members of the local or the town sick associations to which they previously belonged. The time at which the new guild sick association begins to work is prescribed by the higher authorities.

H. MINERS' AND FREE FRIENDLY SICK ASSOCIATIONS.

SEC. 75. The registered friendly societies can grant to those members who belong at the same time to a town sick association or to a compulsory fund under this act, a higher sick pay instead of medical attendance and medicine. The friendly societies have to afford at least the same benefits as the town sick association would have to do in those places where the respective members have their work.

The registered friendly societies can demand that their claims be valid under this act; can be examined and in case they suffice they can demand a public declaration of the fact.

I. CONCLUDING REGULATIONS.

SEC. 76. Where the malady and disability to work is caused by an accident and lasts more than four weeks, the committees of the sick fund have to give notice of the case to that trade association in which the patient is insured against accident. In such cases the trade association can take into its own hands the care of the patient, and the sick fund has to give the sick pay till the thirteenth week of the malady, if it lasts as long, or longer.

The trade associations have a greater interest in an efficient cure of such patients, because an entire cure frees it from a life-long pension. They are also better able to give good treatment in cases of accident than can be obtained from a small sick fund.

The law as amended becomes valid January 1, 1893.

SICK INSURANCE IN AGRICULTURE AND FORESTRY.

An act of May 5, 1886, regulates the insurance for cases of accident and sickness in agricultural and forest work. A general obligation to insure the employed in such work does not exist; but the sick insurance law of 1883 and also the amendments of 1892 enact that compulsory insurance of agricultural and forest laborers can be prescribed (1) by the single German estates and (2) by communal unions. The act of 1886 provides that in such cases the enactments of the sick insurance law become valid, with certain exceptions. These exceptions take place where the payment in kind (natural *Löhnung*) still exists. As it is not intended to hasten the transition to money payment, and the decay of the old patriarchal customs, the act has special provisions for such cases.

THE FRIENDLY SOCIETIES' ACT (LAW OF APRIL 7, 1876, REGULATING THE REGISTERED FRIENDLY SOCIETIES; AMENDED BY THE LAW OF JUNE 1, 1884).

SECTION 1. Voluntary societies which provide for mutual help of their members in sickness have the rights of registered friendly societies under the following conditions:

SEC. 2. The society must have a name of its own, different from all names of similar societies in the same township, and must add to this name the words "registered friendly society."

SEC. 3. The statute of the society must make regulations in certain cases, but these must be at one with the purpose of the society and the prescriptions of this law.

SEC. 4. The statutes must be delivered in two copies to the chief officer of the township in which the society exists. He has to send them to the higher administrative authorities of the place, who declare within six weeks whether, according to this law, the society is to be registered or not. Societies which found branch societies have to be registered where their treasurer resides. The names of the registered friendly societies are to be inserted in a register.

SEC. 5. The registered society can acquire rights and enter obligations, they can acquire property rights in estates, can bring actions in courts of justice and be summoned. Only the capital of the society is liable for its obligations.

SEC. 7. The right to the benefits has to begin, at the latest, with the fourteenth week of admission to the society. The right is valid thirteen weeks after resigning membership or after exclusion. The society can decide that no aid be given in the first week of sickness. In special cases the sick pay (not the medical attendance and medicine, if such is given by the society) can be wholly or partly refused, but only if the sickness is in consequence of the patient's intentional participation in brawls and assaults, or of drunkenness or sexual immorality.

SEC. 8. The members can be registered in different divisions with different contributions and benefits.

SEC. 12. The benefits can consist only in sick pay, medical attendance, medicine, hospital treatment, and medical instruments. The help can be extended to the families of the members, and to lying-in women.

SEC. 13. No contributions or benefits are allowed for other purposes.

SEC. 14. No member can be excluded on account of his having passed a certain age or of his weaker health. The cases where exclusions can take place are to be inserted in the statutes.

SEC. 19. The societies can have local branches. The rights of these are limited.

SEC. 25. The society must collect a reserve fund which must be at least equal to the average yearly expenses as shown by the experience of the last five years. Until this condition is reached at least one-tenth of all contributions have to be used for this purpose every year.

SEC. 26. Where the income does not suffice to cover the expenses and the contribution to the reserve fund, an augmentation of the contributions or a diminution of the benefits has to be resolved upon.

SEC. 27. The society must report at prescribed times the cases of illness and the deaths occurring among its members, the contributions and benefits that have been paid, as well as its financial condition.

SEC. 29. The higher authorities can close a society (1) when more than a quarter of its members have not paid the contributions which are due, and when no improvement takes place after a summons; (2) when the society has not paid undisputed benefits for more than four weeks notwithstanding the summons; (3) when the society acts against this or other laws.

Several societies can be united in an association for special purposes of mutual help, described in the statutes of the associations so formed.

CHAPTER III.

THE LAW OF COMPULSORY INSURANCE AGAINST ACCIDENTS.

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ORIGIN AND DEVELOPMENT.

As the general introduction dealt chiefly with the origin and history of the insurance legislation, a special explanatory word should be given to the leading and important changes of opinion which led to the accident law.

It has been said that the real origin of this law may be found in the endless litigation under the old employers' liability law, but far more than this is necessary in order to account for such radical changes, even of principle, as mark the steps between 1871 and 1884. Especially from 1871 the idea gained popularly as well as among those especially instructed that there is an inexcusable cruelty in throwing the burden of 30,000 to 40,000 accidents so exclusively upon the individual sufferers. It was a matter of clear evidence that thousands of the graver accidents could in no proper sense be attributed to the fault of those who were injured. It could be shown that many of the great industries were themselves a direct and constant cause of a vast number of accidents. Thus, from the individual as the cause of his hurt, we pass to a group or "trade cause" which is quite as real. If modern building goes on under conditions that are eleven times more dangerous than stove making, why should not the building industry bear its proportion of responsibility? Why should miners and certain iron workers whose products are fundamental for progress and common comfort bear a danger scale sixteen times greater than the workers in scores of other callings? Why should Fürth quicksilver workers live constantly among risks twenty times greater than corset makers? All these questions were commonplace ones to many students and statisticians. Von Kolb has amidst his driest statistics written some of the most dramatic lines to show what these varying averages of misfortune meant, not only for trade responsibility but especially for social responsibility. Anything, however, like a popular appreciation of their significance is very recent. As shown, the accident law was to have been first in the series. It was the effect which the evidence in this long discussion produced upon the feelings and the intelligence of multitudes of people who had never known even of such a question, that

in large part worked these changes. The fact was made to appear and to be widely recognized that responsibility for industrial accidents was threefold, (1) individual, (2) peculiar to a given industry, and (3) social.

The evidence was overwhelming that, in the past, individual workers in less favorable industries had borne a burden of risks cruelly disproportionate to anything that fair dealing would dictate. The second step was taken and, as will be seen, made a part of the accident law.

A perfect scheme would doubtless distribute the burden of accidents among the three factors, the individual, trade, and society as a whole, if it were possible to reduce such a problem to manageable proportions.

Here it was that the opponents based their objection. It was not so much that the fact of accidents caused by industries was denied as that no legal means of fairer distribution of the evil could be found. "Make employers responsible in any given trade," it was said, "and you only establish an expensive mechanism which in the end will not help the weaker party but far likelier burden him." It is also true that industry and society do now actually bear a large part of the burdens of accident and misfortune. Why should this tax now paid be doubled?

These objections found no weight with the advocates of the compulsory accident law. It was seen that social responsibility was both too great and vague to be dealt with practically, but the definite facts of injustice already existing could be met. Even if employers, who had in the first instance to pay the entire cost, could eventually throw off the costs upon the consumers of the product, they would, as employers, find it for their interest to investigate and enforce all measures of prevention.

The development of this discussion may best be seen by a brief statement of the number and classification of industrial accidents, together with the points in dispute and the changes of law and principle that came with the overthrow of the old employers' liability act of 1871.

Schönberg, in his *Handbuch* (Vol. II, No. XXII, pp. 737–748), gives the following summary for the year 1887, taken from the imperial reports of 1890: The number of establishments included in the inquiry was 319,453, the number of persons insured was 3,861,560, and the number of notices of accidents was 106,001.

Of these the number of persons whose incapacity for work lasted more than thirteen weeks was 15,970, the number of accidents caused by machines being 4,287, which is 26.84 per cent. of the whole number.

The following table shows the causes to which these 15,970 accidents are to be attributed:

CAUSES OF ACCIDENTS IN 1887.

Cause attributable to—	Per cent.	Number.
Fault of the employer:		
Insufficient apparatus for protection	10.64	1,700
Defective arrangement for carrying on business	7.03	1,122
Lack of directions or improper ones	2.09	334
Total	19.76	3,156
Fault of the injured:		
Awkwardness or inattention	16.49	2,634
Disobedience to orders	5.17	825
Heedlessness	1.98	316
Failure to make use of protective apparatus	1.76	281
Unsuitable clothing	.24	38
Total	25.64	4,094
Fault of both employer and injured	4.45	711
Fault of third person, particularly a co-laborer	3.28	524
No fault which can be assigned	3.47	554
Inevitable risk when at work	43.40	6,931

The results to the injured in the 15,970 cases are as follows:

RESULTS OF ACCIDENTS IN 1887.

Result caused.	Per cent.	Number.
Death	18.51	2,956
Lasting incapacity for work:		
Entire	17.70	2,827
Partial	50.88	8,126
Total	68.58	10,956
Incapacity for a time longer than thirteen weeks	12.91	2,061

In the indemnification for accidents the seven following points are dealt with:

(1) To what persons and to what kinds of accidents does the law for the indemnification of accidents extend its separate legal regulations deviating from the common law?

(2) From which side will ensue the payment of the indemnification for accidents?

(3) Of what kind and to what extent shall the indemnification for the accident be?

(4) In what way shall it be settled?

(*a*) Shall any indemnification be paid?

(*b*) Who shall pay it?

(*c*) How great shall the amount be?

(5) How shall the means for the indemnification be raised?

(6) Who shall finally bear the expenses of the indemnification?

(7) What can be done, notwithstanding the relief from the indemnification, to prevent an increase of accidents?

The payments are to be separated into three grades:

First. The laborer has a right to indemnification from his employer

only in those cases of accidents in which such payment belongs to him according to the common private law—that is, when the direct or concurring fault of the employer was the cause of the accident, and the laborer can prove it, which is a fact only in a small number of accidents.

Second. The employers' liability act of June 8, 1871, secured for certain branches of gainful occupations, especially industrial ones, a definite legal right on the part of the laborer for indemnification, which, while it enlarges his chances, still leaves him the obligation of proving his own case.

Third. The accident insurance law of July 6, 1884, deals with an enlarged circle of persons—extending, indeed, to almost all those who are engaged in industry a public right to indemnification, of which, they can only be deprived by definite proofs that they are without such rights. The law extends its provisions to all those persons mentioned in the text of the law.

By the law of May 28, 1885, this circle is extended to the transport business of the interior, to army and navy laborers, to granaries, etc.; by the law of March 15, 1886, to officials and persons in military positions; by the law of May 5, 1886, to all engaged in forestry; by the law of July 11, 1887, to all engaged in building; and by the law of July 13, 1887, to sailors and others taking part in navigation.

The law not only recognized an indemnification according to the "proof theory," but also in most cases where the laborer was to blame, because, according to the motives given, these accidents for the most part are found to resolve themselves into an overestimation of one's own strength, an extreme zeal for duty, and more especially an underrating of danger. (The actual classification of accidents showed how real this last danger was to young men, and also to those that had become so familiar with certain risks as to ignore them.) "Such underrating of danger is often generated by a familiar acquaintance with danger," and thus only one exception was made by the law, viz., in case of accidents brought about by express wilfulness.

EMPLOYERS' LIABILITY ACT OF 1871 IN ITS RELATION TO THE ACCIDENT LAW.

Here is a change, with all that it implies for the principle of responsibility, of a radical character. The public common law, as well as the employers' liability act of 1871, only pledged the employer (*privatrechtlich*) to the payment of an indemnification under conditions that left practically far too great an advantage in his hands and far too little in the hands of the laborer.

There was not only constant but unnecessary litigation under the act of 1871—a litigation moreover that was followed by consequences as bad for the laborer as for the employer. A business man in Baden *of large experience* in the iron industry, and a well known liberal in

politics of advanced type, which gives additional value to his testimony, speaking of his section in the industry of South Germany, where over 100,000 workmen are insured, says of the old employers' liability act, as compared with the present accident law:

It is not to be questioned that the advance is as great for us as for our men. We not only have far fewer disputes but those that we have work much less injury. Before the present law we had to insure with private companies, under which, in my own case, it was 18 per cent. dearer than at present. But even more serious, the companies always liked to compound with the laborer for a capital sum in order to be done with all future bother. Even a small capital sum in cash invariably seemed so large and attractive to the laborer that he was eager to have it. It often was enough to lead him to think he might open a stand or small shop, which was constantly occurring and as constantly failing, leaving the laborer less fit for and less inclined for the old drudgery, so that often he came back upon public charity. Even now we find the men eager to be paid for their part in cash once for all, though for them, and especially for wife and children, it is beyond comparison better that they should receive their compensation in the form of a regularly recurring pension.

Special reference to the employers' liability act of 1871–1873 will show how considerable the changes were which are introduced by the accident law of 1884.

Before 1871 employers were liable for accidents to the workmen only when it could be proved that the employer was at fault, such as negligence in the construction of buildings, machines, etc., or omissions of necessary repairing. When the accident was caused by a third person the employer was responsible only if he had been careless in appointing this third person.

In this earlier legislation, moreover, so much responsibility was thrown upon the workman, who was often ignorant and easily intimidated, that he too often neglected to bring his proofs against his employer.

The laws had again not been brought at all into the relation of modern methods of business. The railways and larger steam machinery were unknown to this legislation. Between the employer and an obscure workman these vast and complicated conditions had worked such changes and such difficulties of proof under the law that a constant "average of injustice" was wrought. There was, again, no unity in the laws.

In those considerable parts of Germany where the Napoleonic laws still obtained the regulations were different. Exceptions of an awkward nature existed both as to railways and to shipping.

Two steps needed to be taken, (1) to bring order and unity into these conditions, and (2) to make it far easier for the laborer to prove his case against his superior.

The law of 1871 was extended to the whole empire; that of 1873 dealt with the new conditions in railways, factories, quarries, mines,

etc., where the more elaborate machinery had been introduced. In this law (1873) a great advance was made. The employer was made liable when an overseer or agent had by mistake brought about an accident to a workman or to any other person. The employers were made liable for compensation (1) for costs of caring for the injured, or of burial, for a sum equal to all losses caused by the accident, and for maintenance of those dependent upon the injured; (2) this liability could in no case be annulled by contract or special statute.

The weaknesses of this law soon became apparent. Several dangerous trades were not included. Even agriculture, where machinery had taken a new role, was unmentioned. But more serious was the old weakness of throwing the burden of proof far too heavily upon the workman. Accidents were found to occur so often away from the agent or employer that no proof could be forthcoming. The great number of lawsuits led to constant bitterness of relations between employer and employed. The question arose what to do with the vast number of accidents caused by fellow workers or by workmen to themselves, though not intentionally. For such no legal liability whatever existed. Railways excepted, the injured person had to prove his case against great odds.

All admitted the evils, but a long and serious discussion began as to the remedy. The new attitude of the government toward the working classes decided the question. It being assumed that modern conditions of commerce and industry had put the laborer to constant disadvantage, it was natural that the decision should be for a law which threw far more responsibility upon the stronger party. The opponents claimed that unity could have been reached and responsibility fairly divided by an extension of the old law. The radical party was willing to furnish such a bill, but the spirit of the times was too strong against it.

Dr. Aschrott says of this law:

We had before that time in Germany an employers' liability act; and this employers' liability act was thought a very bad one by nearly the whole population, because there was one action after another about this law. It was found too difficult to prove that the employer had been at fault and was liable to pay compensation. The failure of the employers' liability act caused the agitation for the accident insurance. The law of insurance against accident was first proposed in the year 1881, and the bill introduced compulsion to insure at a certain club, and this club was to be administered by the government. The liability to contributions to this insurance was to be divided between the work people and the employer and the state. But there was no possibility of carrying that bill through parliament, there was a very strong opposition to any contribution or subvention from the state, and there was a very strong opposition to any state administration. But nearly the whole Reichstag agreed that there ought to be a compulsory insurance. One year later another bill was introduced, and this second bill dropped the state administration and introduced an administration by separate trade associations. These trade associations were to be formed according to

the risk which the work people employed in each trade were exposed to, so that, for instance, the people who worked in a factory where there was steam machinery would form one association, and the work people employed by builders, or some work like that, would form another association. The subvention of the state remained also in this second bill, but was fixed at 25 per cent. There was again a very strong opposition against this bill, but only on account of the state contribution, and that bill also was dropped. Then the government thought it right, first, to have some very exact statistical returns, showing how many people yearly met with accidents in each trade, and what would be the amount which yearly ought to be paid for these people who were injured by accident. After this statistical return the government came to the opinion that they could have compulsory insurance against accident with contributions only by the employers, and that such a club could be made solvent without any contribution from the state; and so a third bill was introduced in 1884 and passed, not quite, but nearly *nemine contradicente;* there were only very few who voted against it.

The liability law of 1871 still holds, although it has lost much of its importance on account of the sickness and accident laws.

It still applies (1) to persons injured in factories, etc., who are independent of the employer, and to railway passengers; (2) in cases of managers, heads of departments, and other employers who are not under the insurance law—for instance, such as receive above 2,000 marks ($476) yearly; (3) to establishments not under the accident law by decision of the federal council; (4) to officers of state and commoners for whom no other provision is made; (5) to all cases in which the accident is caused immediately by the employer, agent, or overseer; and (6) in cases where the injured had to maintain a person for whom accident insurance does not apply under the law.

The new changes aimed at involved the discussion of the important questions as to administration. Three possibilities offered themselves: (1) The founding of a central public insurance institution as a compulsory fund for all laborers; (2) the founding of institutions for trade associations of those undertaking one or related trades, which are formed and which meet under compulsion; or (3) leaving the insurance to private insurance institutions which are subject to very strict state control.

All three possibilities had their theoretical defendants. Schönberg, in his *Handbuch*, alleges the simplicity of the first and the smaller expense connected with the administration. Schmoller admits the force of this argument, but brings weighty objections in his *Jahrbuch V Jahr*, 294–318. Schmoller finally gained a victory over the adherents of a public insurance fund centralized in the state and also over those representing private institutions. The law decided (section 9) that, by the exclusion of private insurance companies, the insurance results exclusively in insurance associations which the employers have to form, with the approval of the federal council, as trade associations for certain districts. Schmoller's idea again gained ground, inasmuch as

the workingmen were also drawn into the trade associations. The representatives of the workingmen, who were chosen by directors of the sick fund, besides taking part in the arbitration, also took part in the police examinations, in the conferences and considerations for preventing accidents, and in the imperial and local insurance offices.

As regards the kind of indemnification, a final capital amount had almost exclusively been the rule before the insurance law of July 6, 1884. Baare suggested instead of this, for the first time, an interest indemnification.

The law allowed a final capital sum for indemnification only as an exception. Two questions had to be considered in measuring the extent of these proposals: Should one pay the full indemnification? or, when it had once been determined not to deprive a workman of his indemnification, even when it had been his own fault, should it in this case be lower?

The law decided to make no difference, but to place the indemnification, on the average, at two-thirds of the injury. It is admitted that this is often impossible to estimate with anything more than approximate accuracy. The employer has, however, in this decision very little voice, if we except those industries which are under purely patronal control, where the employer can "manage the doctor." Elsewhere the decision of the doctor is practically final nor do the employers often seek to question it, though a reëxamination may be called for. As a fact, the appeals from the doctor's decision, as to the amount of the indemnity, are of astonishing frequency on the part of the laborer; doubtless, because the appeal costs him nothing. This adds considerable expense, directly and indirectly, but is believed by many to be an evil that will largely correct itself when the laborers learn that the doctor's decision is meant to be fair, for under this law the very important result has already showed itself that the exigencies of accidents are making it indispensable for the trade associations to secure the services of the very ablest physicians. More and more, all cases that are at all serious are sent at once to those medical establishments, hospitals, or clinics where the highest skill is found. It appears certain that this tendency will so far increase that eventually the more severely injured will have instant treatment at the hands of the ablest specialists. In Freiburg (Baden) it has been found to pay the trade association to have the injured laborer brought in from the country districts, accompanied by the local doctor, to be treated by a specialist of the university.

In Heidelberg and Mannheim this same tendency has been marked. This is all a part of those more indirect educational and socially advantageous results which are noticed in the conclusion of the report as of the extremest importance in judging of this legislation as a whole.

Before the accident law, as well as during the operation of the act

of 1871, it is stated upon good authority to have been very unusual to get any case through without litigation.

This difficulty was immensely lessened by those provisions of the new law which required information to be given at once to the police, who must immediately cause examination to be made as to the truth and conditions of the case. Their confirmation of the statement sets a standard for the employers' association upon which the responsibility and the expense are thrown. Questions as to the manner of payment, amount of payment, whether the value will eventually be refunded, etc., are in part at once answered. The workmen and employers can appeal from the decision of the trade association to a board of arbitration which consists in equal parts of members of the association and of representatives of the insured workmen, presided over by a public official. In more serious cases an appeal to the imperial insurance office is permitted.

The means of indemnification were raised earlier, at least, according to the imperial legal regulation, in an individual case, by the employer whose duty it was to see to the indemnification, and it was left to him whether and how he would insure himself in an insurance company against this risk.

Further practical questions were raised: (1) Should the funds be collected by the process of taxing the citizens or by premiums? (2) Should the payment of premiums be managed according to principles of mutuality or of joint stock companies? (3) Should the premiums, or tax upon the citizens, be paid as collective or individual premiums or rates? (4) Should the workmen or the communities or the "land charity unions" be taxed for the premiums or rates? (5) Should compulsory insurance be established? (6) How should the extent of the premiums or rates be measured?

The following was finally decided upon: The means are to be raised by the proportionate taxation of citizens; the amount to be paid only by the employer according to the principles of reciprocity, as collective rates for his whole enterprise. A compulsory insurance of employers is established for persons indicated by law. The extent of the rates is measured not alone by the sum of insurance but also by the class of dangers, and also by the whole business.

The federal council can render void the action of all incapable trade associations and assume for the employer all rights and obligations. Though it is said that the empire has not a pecuniary responsibility here, as in the case of the old age and invalidity law, this exception shows that such responsibility might come upon the empire in case any trade association fails. The guarantee of the empire is behind all these associations. Dr. Aschrott says:

There is strictly no subvention by the government, but there is a guarantee by the government that the amount to be paid shall be paid. The state is of opinion that, if it compels a man to insure, it has also

the duty to guarantee that this man, in the case of accident, shall get his money; and the law has done its best to make this whole institution financially sound. But, in the event which always can happen, that one institution is not sound, then the government itself pays.

Three things were considered to have prime importance in this administration. They were (1) a very careful measurement of the extent of indemnification; (2) a rigid examination of each case in order to find out whether the employer is to blame in order that he might be held liable for the indemnification of the insurance institution (by the police or, as preferred by Schönberg, by a factory inspector) or whether the laborer has forfeited his public legal claim, as by simulating or in any way exaggerating his injury in order to get payment or to keep it for a longer time—if found guilty of this last offence it was urged that it be made penal and brought before a criminal judge; (3) that the right be given to issue directions for safety and to watch over their fulfilment, and in case of infringement that suitable penalties be fixed.

In England, France, Switzerland, and Italy (proposed law accepted by the senate March 2, 1892), the discussion upon the whole question of industrial accidents is strikingly like that which went on in Germany between 1871 and 1884. A theoretic "liberalism" plays the same part, but in each country the issue is likely to be practically the same. Everywhere it is admitted that the great industry and the world market have wrought changes so profound that there must be a redistribution of responsibility if anything like fairness is to be reached. The strong men in each country—Chamberlain, Constance, Bodio—are found squarely arrayed against the old law and in favor of those features of the German law which safeguard the rights of the workman. The entire doctrine of liberalism upon this subject is either losing or has lost its strength in every European country. The type of argument used for ten years in Dr. Barth's able paper, *Die Nation*, has less and less force or recognition. A distinguished member of the German radical party (the party holding the Manchester views) said a few weeks before the recent elections: "The truth is, we are out of the game, and others are to play it who will none of our principles."

SUMMARY OF THE ACCIDENT LAW.

PERSONS INSURED.

Employers (masters) and officials whose salaries are not above 2,000 marks ($476) per annum, and all those who work in mines, quarries, factories, or are engaged in building operations, etc., as in section 1 of the law, are insured.

Those working in forestry and agriculture, including gardeners and *agricultural* proprietors, may be included by state law, as they have *been in Saxony* and Bavaria.

The wives who work in the fields are not insured, while other members of the family may be included by state law.

Those working in shipping trades, with the exception of men upon fishing smacks and other small boats, also come under the law.

Voluntary insurance under the law is allowed to shipowners, farmers, and master builders whose salaries or earnings are not above 2,000 marks ($476) per annum.

The insurance is based upon the individual wages, and only in exceptional cases upon the average wages. Yearly wage income is reckoned at three hundred times the average daily wages. If the daily wages are more than 4 marks (95 cents) only one-third of the surplus is reckoned in. The yearly income of common laborers is always taken as the minimum.

OBJECT OF THE INSURANCE.

The object of the insurance is to give compensation for pecuniary loss caused by those accidents connected with work. The accident must not be intentionally brought about, though thoughtless and even extreme carelessness are not excluded.

The provisions of the sick insurance last for thirteen weeks, after which (from the beginning of the fourteenth week) the accident law takes the responsibility.

The injured person may claim from the fourteenth week free medical treatment and aid equivalent to 66⅔ per cent. of his wages if totally prevented from working. If but partially disabled, his aid is proportioned to his inability.

Instead of medical treatment at home, hospital care may be given, as under the sick insurance.

When the accident results in death, the survivors receive a sum twenty times the daily wages, but not less than 30 marks ($7.14), for burial money; also a pension for the widow equal to 20 per cent. of the wages of the insured, and 15 per cent. for each child under 15 years of age, or, if both parents are dead, 20 per cent. Widow and children can not, however, receive more than 60 per cent. altogether. Those who depend wholly upon the insured may receive 20 per cent.

In exceptional cases a lump sum may be given instead of a pension. Accidents, intentionally caused by an employer or his agent, must be "made good" to the sufferer. Third persons causing accidents are also held liable.

If there is proof, by a decision in a criminal court, that the employer directly was the cause of the accident, then the association of the sick club has the right to sue the employer, in order to get back all the money that it has paid for the injured man; and, in the case of this decision of the criminal court, the injured man has the additional right to sue the employer for a higher amount of damages than the law has fixed for the insurance.

RELATION OF THE ACCIDENT LAW TO THE SICK LAW.

Even in cases of accident the injured person passes first, not i accident branch, but to that of the sick insurance. The entire (ization of the accident law, both in principle and practice, is su to make this provision necessary. Risks of a trade or indust *risque professionnel* of the French law) are conceived of as spri by a kind of fatality from the business itself. If tanning has a ger line twice as high as that of paper making, why should n tanning industry pay the extra cost of accidents to which it rise? Again, if the industry is to bear the burden the empl are the fittest persons to manage the association for insuranc such a body can not be expected to deal efficiently with the merable lesser hurts peculiar to industry. The sick societies, by organization and traditions, are far likelier to deal properly with class of cases. The sheer fact of numbers would alone make adı tration impossible by the accident organization. Above 80,000 of accidents, or about 94 per cent. of the total number, are car under the sick law. The trade associations of employers have (4,600 cases, or about 6 per cent. Under certain conditions the in can be still kept in the sick society after the thirteenth week. employers' association must, however, pay all costs.

In the statistical returns which were compiled before this la passed, it was found that 12½ per cent. of all the costs of sic were to be attributed to accident, and that 11 per cent. of the were due to accidents which did not last more than thirteen v The government in the framing of this bill was of the opinion that would also be a just and reasonable contribution by the work p themselves to the cost of accident insurance, because if a man b sick on account of an accident, for the first thirteen weeks the ance would be paid to the extent of two-thirds by the work p and only to the extent of one-third by the employer, as it came (the sick fund; but if the sickness lasted more than thirteen v then the whole amount would be paid by the employer. In tha the amount to be paid by the employer would not be too high a the other hand, there would be a reason why the work people s have also a share in the administration of this insurance assoc against accident.

THE EMPLOYERS' ASSOCIATIONS (*Berufsgenossenschaften*)

These are corporations created by the accident law. They ar posed of employers of industries in given districts, though ther strong movement to make the classification according to trades Austria), and not a geographical one. Every employer of an in in a district belongs to the trade association. The work of the a *tion is in committees* in the district or, in some cases, in the d

ment meeting. Every association has to accumulate a fund equal at least to twice the sum of the yearly expenses. In case of the government works, post, telegraph, railway, army and navy, there is no representation upon committees of the trade association. In some instances, as mines and ferries, the government or state is represented. The agricultural association was formed by the government and not by employers. In Prussia there is one trade association for each of the twelve provinces, and a department for each district (*Kreis*).

These associations of employers raise and control their own funds, subject always to the supervision of the imperial bureau. They can draw their own statutes, and are given the largest possible control of their affairs. (The complaint most frequently from the employers in these associations is against the "interference of Berlin," by which is usually meant the great number and elaborate character of recommendations, etc., which seem to the local managers to be of an impractical and irrelevant nature.)

REPRESENTATION OF WORKMEN.

As the burden of expense here rests not with the laborers, but with the employers, the laborers were thought to have no right to participate in the administration. It was, however, thought desirable, upon practical grounds, to have them appear in the courts of arbitration of the imperial insurance bureau, and also to be among the examiners for methods of preventing accidents. Therefore, for every association or department, there are chosen as many representatives of the laborers as there are representatives of employers. These labor representatives are chosen by the directing boards of the sick associations. This is made necessary by the reciprocal relations between the sick and accident associations, the employers in their turn taking part in the management of the sick associations.

BOARDS OF ARBITRATION.

Usually there is a board of arbitration for each trade association. Presidents and vice-presidents are nominated by the government from among the public officials of the district. Two members are elected by the trade association from among the members; two represent the laborers. These are all elected for four years. The board can pronounce judgment only when the president, one employer, and one workingman are present. The numbers representing employers and laborers must in every case be equal. Decision is by majority vote.

About one-sixth of the cases which come up for arbitration are disputed after decision has been given. In 1891, 22,614 appeals were made, of which number 3,534 were dismissed. Of the 14,252 judgments given, 3,378 were carried up to the imperial bureau for final decision. That bureau has decided in the cases brought before it as follows: In 1886, 27.9 per cent. in favor of the insured; in 1887, 37.3 per cent. in favor of the

insured; in 1888, 22.5 per cent. in favor of the insured; in 1889, 25.4 per cent. in favor of the insured; in 1890, 23.5 per cent. in favor of the insured; and in 1891, 23.5 per cent. in favor of the insured. The remaining cases were decided in favor of the trade associations or of the authorities.

Most of the cases (57 per cent.) were as to the degree of disability caused by the accident. In 16.2 per cent. of the cases the dispute was as to whether it was an industrial accident.

IMPERIAL AND STATE BUREAUS.

The imperial bureau in Berlin, created in 1884 by the accident law, is the highest administrative and judicial board for insurance against accidents. It consists of three members nominated for life by the emperor and of eight temporary members. Of these latter, four are chosen by the federal council from among its members. The remaining four depend upon the occupation—whether in agriculture, navy, or industrial occupation. Two always represent workingmen. Several states, as Bavaria, Saxony, and Würtemberg, have their own bureaus.

The imperial bureau has nothing to do with administration, it has only to exercise control. It first sees that everywhere there are trade associations, and then the bylaws of these trade associations must be sent to the board, so that the board can see if these bylaws are in accordance with the law; and after an association is formed it has to send each year returns to this board, and these returns are subjected to an audit, so that there is always a reasonable certainty that the association is financially sound.

COMPENSATION FOR ACCIDENTS.

Notice in every case of accident must be given within two days to the local police. The case is examined by the police and the representatives of the employers and laborers.

In more important cases the question of compensation must be settled by the committee of the trade association, or for lesser cases by department committees, if such exist. No settlement is permitted until representatives of both parties have been heard. Appeals against decisions of the committee are allowed within four weeks to the arbitration board. In more serious cases appeal may be made to the imperial bureau, as in cases which involve long pensions. The payment of pensions and other compensation is usually made through the post office by the official of the office. For that year the post office advances the money. At the end of the year it sends in its account to the trade association.

The costs of the insurance are raised by contributions which are fixed in committee according to the last year's expenses.

The contributions of the individual employer are fixed in twofold manner, (1) according to the number of employés and wages and (2)

according to the danger scale in the industry or special establishment. Appeals to the imperial bureau are allowed within two weeks.

THE PREVENTION OF ACCIDENTS.

One reason why the whole responsibility was thrown upon the employers was the belief that they would find it for their direct interest to seek and discover measures of prevention. Such measures of prevention are a part of their duty. They are authorized to make and prescribe rules for the preventing of accidents in certain branches of work and in certain districts. These rules may have to do either with mechanical means of prevention or precautionary regulations for the laborers. The rules are given out from the committee of the trade association, the representatives of the laborers (except in agriculture) taking full part. Employers who fail to comply with these prescriptions can be fined or placed under a higher "danger scale." Workmen may be fined up to 6 marks ($1.43). The employers are fined by the committee of the trade association, the laborers by the committee of the sick association. The trade association may send inspectors at any time into factories to see if the rules are obeyed. No employer may refuse such visitor.

COSTS AND BENEFITS.

No quite exact estimate can be given of costs, although the statistics of the imperial bureau are fairly complete to 1891. The costs in the different trade associations vary enormously from the very expensive ones, in which the numbers are small, or the industry of a primitive character, to the large and perfect organizations like those of Alsace. There are associations like those of millers, teamsters, etc., in which the administrative expense rises as high as 60 cents per person yearly, while others, with large membership and powerful organization, have costs below 10 cents per person. An association of chimney sweeps gives a table of costs as high as 3.43 marks (82 cents) per person.

If a comparison is made, however, with the benefits granted, it appears from the imperial statistics that the costs are relatively to grants gradually lessening. If the five years be taken, from 1886 to 1890, this result is marked. It should, however, be said that very considerable elements of expense are omitted. The service of the post offices in receiving certificates and paying the accident money is not reckoned. A large extra burden has also been thrown upon the town authorities. New officials have had to be appointed. A number of towns applied in 1892 to transfer these costs from the towns to the state. The answer that has been made to this petition is that the towns either have, or will have, in consequence of the insurance laws, much lighter charity burdens to bear. A large burden is also thrown upon legal and other like boards of arbitration, although it is claimed that this burden has not increased.

As a sign of expense it has just been charged that already in 1890

one hundred and nineteen officers had been appointed "to see that the innumerable prescriptions of accidents were properly enforced."

The reply is, however, invariably made that the ultimate results will be to lessen the expenses by lessening accidents and the indirect burdens which follow accidents.

In October 1892, the proposition was made by the insurance authorities of Schwarzburg-Rudolstadt to the federal council to allow an important branch of the building association to be taken from its present control altogether and managed locally, in order that the great expenses attending the present method might be avoided. Statistics are given to show that the compensations are almost ridiculously out of relation to administrative costs. The committee of the trade association rejected the proposal, whereupon the authorities of the province made a fresh appeal. Exactly the same proposals are said to be immediately forthcoming from Hesse.

According to Dr. Max Quark (*Social Politisches Centralblatt, No. 1, 1892*), some special trade associations show very scant returns in comparison with their costs. He instances the trade association of clothiers, 189- which paid in compensation 56,595 marks ($13,469.61), but with a cost of 30,446 marks ($7,246.15). The association of the chimney sweeps—which has often been given as one of the most costly—had costs to the amount of 21,772 marks ($5,181.74), and only 12,206 marks ($2,905.03) in compensations. Dr. Quark adds: "These illustrations could easily be increased." In the recent report, 1891, of Upper Alsace the agricultural trade association announces its administrative costs at 22,440 marks ($5,332.15), and compensations at 42,642 marks ($10,148.80).

One of the best managed unions of trade associations is that of the large steel and iron industry. The report of the administration, 1891 gives results that are brought together in the following table:

COST OF INDEMNIFICATION, ADMINISTRATION, ETC., IN THE SEVERAL SECTIONS OF THE IRON AND STEEL TRADE ASSOCIATION OF SOUTH GERMANY IN 1891.

Section.	Establishments.	Persons insured.	Accidents.	Cost of indemnifications.	Per 1,000 laborers.		Administration.		Wages.	
					Accidents.	Cost of indemnifications.	Total cost.	Cost per person.	Total.	Per person
I	1,454	15,382	89	$15,357.36	5.79	$998.40	$3,799.68	$0.24½	$3,246,070.98	$211.0
II	961	14,715	118	20,216.92	8.02	1,373.90	1,069.83	.07½	2,666,415.00	181.2
III	1,199	15,492	81	14,625.54	5.23	944.07	2,105.40	.13½	3,039,056.40	196.1
IV	944	13,999	98	12,420.62	7.00	887.25	1,594.05	.11½	2,648,068.27	189.1
V	433	14,976	93	10,333.83	6.21	690.03	1,406.67	.09½	2,853,681.06	190.5
VI	2,403	32,238	233	35,949.27	7.23	1,115.12	6,897.13	.21½	6,299,920.20	195.4
Total	7,394	106,802	712	108,903.54	6.67	1,019.68	16,872.76	.15½	20,753,211.91	194.3

Another side of this accident history may be seen in the following tables which are now put into such form that the laborers can easily use them. Several questions of considerable sociological importance are started by the uses to which these tables are put, and especially by the issues, practical and theoretical, which the growing experience under the law brings out for wide public discussion.

PENSIONS GRANTED ACCORDING TO DEGREE OF INJURY, BY THE IMPERIAL INSURANCE BUREAU.

Right hand.	Per cent. of wages granted.	Left hand.	Per cent. of wages granted.
Laborer, 49 years old, loss of hand	66⅔	Workman, 22 years old, loss of hand	50
Laborer, 19 years old, loss of hand	60	Laborer (minor) in factory, loss of hand	60
Laborer, 50 years old, severe contusion	66⅔	Ironer, loss of hand	60
Laborer, nearly complete disablement	60	Joiner, 23 years old, loss of hand	60
Miner, complete loss of hand	70	Miller, 20 years old, arm wholly disabled	50
Miller, complete loss of hand	75	Overseer, arm wholly disabled	50
Locomotive engineer, complete loss of hand.	75		
Fingers, right hand.		**Fingers, left hand.**	
Laborer, thumb nearly destroyed	10	Turner, two joints of middle finger lost	10
Laborer, all fingers cut off	66⅔	Laborer, fourth and fifth fingers stiff	20
Laborer, fingers and thumb cut off	72	Miner, forefinger stiff and first joint gone.	30
Laborer, two fingers lost	20	Laborer, three fingers lost	33⅓
Cable tower man, two fingers lost	10	Iron planer, one finger stiff and one lost.	40
Steam boiler maker, forefinger lost	50	Overseer, forefinger and top of thumb lost.	50
Locksmith, stiff forefinger	33⅓	Miner, the only thumb partially off	60
Iron worker, bad hurt of hand	40	Iron turner, four fingers off	75
Woman, loss of two fingers	45		
Injury to right hand.		**Injury to left hand.**	
Woman, hand bruised badly	20	Laborer, 69 years old, severe hurt	50
Stitcher (or embroiderer), hand bruised badly.	66⅔	Laborer, 40 years old, severe hurt	40
Miner, hand bruised badly	60	Laborer, less severe hurt	20
Fireman, hand bruised badly	75	Dyer, severe hurt	33⅓
Locksmith, hand bruised badly	65		
Spinning overseer, hand bruised badly	25		
Right arm.		**Left arm.**	
Laborer, arm broken	20	Laborer, arm broken	10
Oil maker, arm severely bruised	40	Laborer, arm broken	15
Metal turner, elbow joint injured	50	Laborer, arm more severely broken	40
Miner, arm broken	50	Saddler, arm more severely broken	50
Locksmith, 32 years old, entire loss of arm.	70	Machinist, loss of arm	60
Miller, 30 years old, entire loss of arm	75	Machinist, 28 years old, loss of arm	70
Machine tender, entire loss of arm	80	Laborer, 19 years old, entire loss of arm.	75
Female laborer, entire loss of arm	77	Machinist, entire loss of arm	75
Laborer, loss of arm with previous hurts.	90	Machinist, entire loss of arm	60
Right eye.		**Left eye.**	
Miner, eye hurt	15	Weaver, injury to eye	10
Laborer, eye hurt	20	Miner (right eye blind), eye hurt	20
Miner, eye hurt	30	Laborer, loss of eye	25
Miner, loss of right eye	40	Apprentice, loss of eye (with other eye short-sighted).	50
Founder, 23 years old, loss of right eye	50	Factory overseer, lost left eye (with right already hurt).	66⅔
Laborer, loss of right eye leaving left eye affected.	75		
Breast and back.		**Legs and feet.**	
Stone breaker, left shoulder hurt	10	Laborer, right leg broken	10
Laborer, back strained	20	Paper cutter, left big toe lost	10
Roof layer, 52 years old, rib broken and left kidney hurt.	30	Miner, left knee hurt	25
Wire drawer, 60 years old, stiffening of joint of left shoulder.	50	Miner, left knee hurt	30
Laborer, liver badly injured	80	Miner, one leg amputated	40
Blacksmith, chronic inflammation of right hip joint.	90	Overseer, leg severely wrenched	50
Brewer, backbone contused and spinal cord severely hurt.	100	Brakeman, leg lost below the knee	66⅔
		Wire worker, loss of right leg	66⅔
		Teamster, loss of right leg	75
		Miner, stiff left knee joint	80
		Miller, 38 years old, thigh joint hurt seriously.	90
Various injuries.		**Various injuries.**	
Laborer, injury to knee	5	Miner, loss of hearing	40
Teamster, nine ribs broken	10	Brewer, lung diseased	66⅔
Laborer, jaw broken	10	Brakeman, blow upon head with constant pain.	75
Laborer, jaw broken	25	Miner, very severe catarrh	100
Coachman, hurt in the side	33⅓		

CRITICAL COMMENTS.

These cases may indicate sufficiently how thorough and honest th attempt is to compensate as far and as justly as possible the almos infinite variety of industrial accidents. The guiding principle is clear fair "to make such amends as are practically possible by pecu iary compensation for the disablements to the laborer." As one rea the long lists, the seeming inequalities of compensation are often g tesque. The breaking of nine ribs may be far less injurious to o working capacity than a strain or blow upon the head that leave outward sign of injury.

If one's livelihood is conditioned by walking, or standing constan the loss of a leg is of incomparably more importance than it would b to one who sits and works with the hands and arms. Good sight, a with watchmakers, may be for one man of four or five times the relati importance that it is for another.

It is clearly the conscientious purpose under these laws accurate and faithfully to adjust these compensations with as much equity a practical difficulties will allow. It is inevitable that great and constan dissatisfaction should show itself among those who get either no com pensation or one, in their own opinion, far less than is expected o thought right.

While this difficulty is in the nature of the case, and could nowher be avoided, it is yet hardly to be denied that the organization unde trade associations of employers causes embarrassments of a threa ening nature, which the boards of arbitration can not wholly remov To the extent that good will exists between laborers and employers th difficulties are comparatively slight, but in every strained relatio between the employer and his men the struggle over compensation embittered by the very fact that the administration is so largely in t hands of the employing class.

A physician of great experience in North Germany finds no cause dissatisfaction greater or more constant than this which grows out the increasing ill will between employer and employed in the city bui ing associations. The workmen tend more and more to look upon t fund for compensation as theirs by natural right and are feverish impatient with every restriction of their claims.

This is also one of the most frequent complaints from the side of employer. In that portion of the report which deals with simulat of sickness, further cause for the existence of this danger will app It should here be said, however, that the constant and sleepless ag tion of the socialists intensifies the difficulty at every point where power is largely with the employers. These critics continually try make it appear that the capitalists have the control of this fund p tically in their own hands, in spite of the fact that laborers are re sented. They, of course, maintain that the fund, in the first place,

been created by labor and should be far more liberally dispensed. This fact of organization by employers' associations doubtless accounts for the more frequent attacks upon this law by the socialists than upon either of the others, or rather upon its method of administration. With a powerful political organization, at least eighty papers, and a constant flood of brochures and leaflets, this propaganda of unrest is one of the gravest perplexities with which this insurance legislation has to cope. One or two examples from this hostile literature may illustrate this. In a recent issue of *Vorwärts*, the central organ of the socialists, it is said, in a long editorial upon the accident law: "We enter an energetic protest against the supposition that arbitration boards act disinterestedly. In the greater majority of cases the interest of the employers shows itself supreme and the very number of their appeals shows that something is rotten in the kingdom." It comments sarcastically upon the explanation of the larger number of accidents since the law was enforced, refusing to accept any explanation save that found in the very relations between employer and employed which, it thinks, the present industrial order tries to preserve. "Only the smaller fraction of this increase of accidents is owing to sharper control, etc." A pamphlet, published in the office of the Magdeburg organ of the socialists, for the purpose of instructing laborers how to get compensation for all kinds of injury, by an elaborate statement of hurts and compensation, has a preface by the author in which it is said "that though this social legislation can not be called a total failure, it has become all too clear that the social problem will by no means be solved by it, as far too little is achieved for the laborer." This is the usual attitude of the socialist party. "It is merely a step in our direction. We will accept it and fight for it, but use it for our own ends for enlarging the power of the state," is the exact attitude taken. The author of the pamphlet (*a*) here spoken of, finds the laborers too ignorant of their rights under the law, and proceeds by elaborate examples to instruct them how to secure compensation. It is especially dedicated to the proletariat and to those labor associations that are socialistic.

These instances would be of slight consequence if they did not represent a very widespread and powerful influence. The socialist party has now the largest voting strength of any party in Germany and forty-four members of parliament. Their constituency is moreover so largely confined to the very class which these laws concern that their attitude is a very potent factor of the problem.

In the ablest special book (*b*) upon this more practical working side of the accident law (Dr. Golebiewski, confidential physician to a building association in North Germany with 135,216 laborers of various kinds)

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a Die Entschädigung der Arbeiter bei Unfällen, etc., Magdeburg, Verlag der Volksstimme.

b Licht- und Schattenseiten des Unfallversicherungs-Gesetzes.

a very striking confirmation is given (page 302) of this influence as it may be used by those who wish to play, for their own advantage, upon the prejudices of the workmen.

Any adequate judgment as to the relation between this law and the number and character of accidents is of extreme difficulty. It is clear that accidents have increased, and that, under some conditions, at a very serious ratio. That a considerable increase would follow could be foreseen from the very nature of the legislation and its requirements.

In the earlier experience the number of accidents increased to such an extent as to create some alarm among the friends of the law. It had been assumed by the more cautious that certain classes of light accidents would show themselves in greater numbers, from the very fact that compensation was to be had. The increase appeared, however, among the very serious accidents as well.

It was natural to reply to this that the protective machinery had not got to work, nor the prescriptions become understood. Especially was it said that the far sharper control brought out the existence of many injuries, many of which were before unknown. This was undoubtedly true, yet the most favorable construction can hardly make this explanation cover the difference. In 1889 two articles in *Volkswohl*, edited by Professor Böhmert, chief of the imperial statistical bureau of Saxony, dealt with this increase of industrial accidents, concluding that the reasons given to explain the increase could not be considered satisfactory. The deeper cause, in the writer's opinion, is to be sought in the workmen themselves. (*Kurz, nach alledem bleibe nur übrig den Erklärungsgrund bei den Arbeitern selbst zu suchen.*) Several large employers of labor have given the same explanation. "We put on all the extra fencing, guards, protections of all sorts, but find no corresponding decrease in accidents. This elaborate mechanism seems often to have the effect of making the men even less careful." Very extraordinary testimony is given to this effect in several industries. It is admitted that a certain protection for specific dangers is necessary, but these criticisms are directed against the assumption that the more the machinery of protection is extended the fewer accidents will occur. A Berlin builder says, "I have done all that the new laws demand—high fencing and more of it, but meantime my men are just as careless. They slip as easily when it is wet, let fall a beam or plank, and use the dangerous tools as thoughtlessly as ever, and therefore the accidents are not lessen."

A nice question is brought up by much of the more recent evidence as to accidents under conditions where great pains have been taken to hedge the laborer about, even more than the laws require.

A mill owner in the Harz regions says, "when I got my saws and trucks so carefully guarded that it seemed to me no one could get hurt

if he tried, the number of accidents decreased scarcely at all. I am convinced that the men are more careless when the protection is too elaborate." This man knew that the ratio of accidents had been very much reduced by the earlier and simpler guards about the dangerous machinery, but seemed to find a limit to what might be done.

There is so much of this same kind of testimony that one is forced to ask if the limit of protecting mechanism may not be passed, so that it becomes a danger—a danger because of a consequent heedlessness which many of the laborers fall into. In the *Arbeiter Versorgung*, April 1892, page 218, in a discussion of the accident statistics, the increase of mishaps is admitted, and in trying to account for it the suggestion is made that the growing sense of security (where the laborer is at work), together with a feeling that he will be cared for, and paid if hurt, leads to a sort of dangerous contempt for the preventive measures.

It will be said, of course, that this opposition of the employer is the same as that which has shown itself from the first attempts made to prevent accidents. It is not open to question that much of the fencing has had direct results in greatly lowering the lists of injuries. The extra bother, often very great, under the law naturally predisposes the employer to hostile criticism. In dealing with one point, as nice as it is difficult, this bias of the employer must have full recognition. An advocate of the law said: "We must understand at the start that a large part of the employers will sulk under this law, simply because its provisions throw upon them so much extra and troublesome work." Taking all this into account the extremely important fact must be dealt with, that the testimony under this law shows that the mechanical element in this problem can be so easily exaggerated as to obscure the other factor, which has at least as great an importance—the man himself. That a distinctly larger percentage of accidents occurs Monday (within the same means of protection) than upon Tuesday, shows that the man's condition is at least as important as his surroundings. That the hammer should oftener miss its mark, the stone or board oftener slip from the grasp on Monday, shows that the nerves are more unstrung from Sunday excesses, or, as the socialists claim, that the man has worked too hard the previous week and has not yet adjusted himself to his toil.

The following table gives the percentages of accidents by days of the week for the years 1890 and 1892. The figures for 1890 were drawn from a table prepared by M. Bellom, in *Étude de la Statistique des Accidents en Allemagne;* those for 1892, from a guide concerning the workmen's insurance of the German empire, prepared for the world's exhibition in Chicago by Dr. Zacher.

PERCENTAGES OF ACCIDENTS BY DAYS OF THE WEEK.

Day.	Percents
	1890.
Sunday	2.72
Monday	16.92
Tuesday	15.79
Wednesday	15.79
Thursday	15.64
Friday	16.57
Saturday	16.57
Total	100.00

Whatever the cause, it is clear that the mechanical appliances their limits, be they ever so much multiplied. This brings up the tion which is steadily gaining in prominence, how can all this ext protection be used, not only to guard him from without, but to b a part of an educational influence that shall mould the charac the man. It is not expected that much can be done with the laborers, but it is evidently an increasing purpose of this social lation to use the whole machinery educationally. The spread of le already referred to is a part of this purpose, as is also the sending the imperial bureau of circular letters to the trade associations, c attention, not merely to the external measures of safety, but a measures that are essentially educational in their nature. It is tribute to the influence of this law that great numbers of the en ing class in the trade associations are actively interesting them in extending information and discovering new and more efficient ures. A fair example of this interest may be seen in the action by the trade association in Hamburg, June 10, 1892. A resolutio adopted to do all in their power to have exhibited in graphic an ular form at the Chicago exhibition all that could be shown "i ture" of the sick and old age insurance, besides extensive illust by models of the actual working of the accident law. The opinio heartily indorsed that the scheme was practicable, as the exhibit prevention of industrial accidents in Berlin had shown.

The proposal indicates the serious purpose to spread the inform and experience that have been gathered during the seven years law's activity. The entire organization of these sixty-four associ in their relation to the central office at Berlin furnishes a cor wealth of material as to the cause and nature of industrial inj which is already producing hopeful results. It is giving a new fication of causes and results. It is showing even more clearly ho where preventive measures may be applied. One of the circular l sent to all the associations deals in detail with the advantages of ir treatment of a series of small hurts, cuts, burns, sprains, etc., whicl been wholly ignored until they became serious. There it was the experience which showed what sort of hurt could be at once de *of danger* by a simple and inexpensive treatment if instantly att

to. Employers and men alike are advised to coöperate in this work of prevention. "Even if the older workers are heedless of these premonitions, the educational effect upon the younger workers will be important." That bandages, lint, and certain medicines are not only always at hand, but that foreman and men alike are taught their use shows how important such preventives are. This is far more than a mere mechanical arrangement thrust upon the laborer from without.

One may see in every part of Germany and in every sort of business that is accompanied by risks, the most detailed prescriptions so posted that every laborer must become familiar with them. One of these reads:

Every injury is to be reported instantly.

The first attention to the injury must be given by certain (designated) persons.

In every case the immediate attention of the physician is to be called.

Wounds—Even the slightest wound is instantly to be protected from dust, dirt, etc.

This is followed by ten other classes of hurts or sudden forms of illness, with exact prescriptions how they are to be dealt with. Some one in every group of workers must have the instruction necessary to carry out these requirements.

It seems not unlikely that unlooked for results of a moral nature will more and more follow this effort to influence the laborer into an intelligent attitude toward the dangers of his calling. It is certain that the evils of schnapps drinking are seen in a new light by the employers. This more minute and scientific dealing with injuries after their own quality is showing far more clearly to the employers the relation between the drinking of heavy spirits and the most concrete business risks. The habit is widely common among laborers (in industries like building) to carry a small bottle of strong spirits, from which a swig is taken frequently during the day. While the employer had evidence enough of the evils connected with this habit before the accident law, the evil is now seen in far more direct relation to the employer's business interest. The kinds of accidents that can be directly traced to these excesses, and the part they play in expenses, has been so brought out that many employers are becoming teachers of temperance. The total abstainers are also finding rich material in these facts.

Further possibilities of good may be seen in the tendency to place the partially disabled in special institutions where specialists can give the injured the best and quickest chances of recovery. An example has been furnished by Krupp, at Essen, of an invalid workshop to which all partially disabled laborers, who could not become watchmen, porters, sweeps, or overseers, are sent, and where special work adapted to their working capacity is given out. Brushes, simple tools, carpentry, etc., that are used in the factory are here made. What is new in these measures, which are warmly advocated by the union of trade associations, is the actual evidence coming into the bureau as to the loss of

labor power, as well as expense, which neglect causes. It was found that many of the partially disabled if left to look out for themselves seek tasks under conditions that rapidly increase their weakness, and that therefore a complete invalid came back upon the association. The effort now is to organize work in which each case can be dealt with according to its character, and that under competent medical advice. Several discussions have already been held as to the foundation of a school of industry for the partially disabled, and also for labor bureaus for invalid workingmen. (See Dr. Zacher in Wohlfahrt's Correspondence No. 15, 1 yr., 1892.) In Baden one of the largest trade associations uses a gymnasium where, under careful supervision and for certain injuries, the workmen are exercised in such ways as to bring back the lost strength. "We are doing this," it was said to the writer, "because we find it saves money in the end."

This rather imposing development of purely preventive measures for accidents is a satisfactory answer to a French criticism often made—that if the employers were put under constraint they would not use the same precautions to check industrial misfortunes.

M. Dejace said in his report in Paris, in 1889, that the zeal of prevention would be stifled by compulsion both in the men and in the masters. Whatever may be said of the laborer's lack of interest under the accident law, the criticism is without force against the trade associations.

A great deal of intelligent criticism from France has been directed against this German law, its interest consisting not in theoretical objections merely, but in objections based on the actual experience of which the following may be taken as an example. The Mülhausen manufacturer, Engel-Dolfus, founded an association for the prevention of accidents in 1867. In 1880, largely under the influence of the experience gathered under the Dolfus experiment, de Coëne and de Sapincourt began one in Rouen. In 1883 Emile Müller founded the manufacturers' association of France. This gave rise to another, having its seat in Amiens. These societies have a body of statistics that are claimed to possess great value, as they imply that the ratio of accidents has decreased in a way to indicate a distinct superiority to the German results. The Mülhausen experience is twenty-five years old, and it is said that proof exists of a 50 per cent. decrease in accidents among the workmen by the application of preventive measures. The Rouen association is thirteen years old and presents results, upon the whole, quite as favorable.

Two facts make it extremely difficult to judge fairly as to these results. (1) Upon the whole a picked body of workmen are subject to these measures—about 35,000 in the Rouen association—while the iron and steel association alone, in South Germany, had 106,802 in 1891. (2) In France, where no obligation of insurance exists, there is no force behind the employer to make him report his accidents.

TEXT OF THE LAW.

[NOTE.—The chief part of this translation was done under the supervision of Professor F. W. Taussig, and appeared in the Quarterly Journal of Economics for November 1887. Non-essential parts of the text of the law are omitted, and of some parts only an abstract is given.]

AN ACT FOR INSURANCE AGAINST ACCIDENTS, APPROVED JULY 6, 1884.

A. GENERAL PROVISIONS.

SECTION 1. All workmen and administrative officers (*Betriebsbeamte*) employed in mines, salt works, establishments in which ores are treated (*Aufbereitungsanstalten*), quarries, pits, on wharves, in building establishments, in factories and smelting works, shall be insured in accordance with the provisions of this act against accidents occurring in the course of their occupations. The act shall apply to administrative officers only in so far as their yearly pay or salary does not exceed 2,000 marks ($476).

It shall also apply to workmen and administrative officers employed by persons who undertake the execution of masonry, carpentry, roofing, stonecutting, well digging work, and to chimney sweeps.

The establishments enumerated in paragraph 1 shall include, for the purposes of this act, all undertakings in which machinery propelled by steam or other natural power (wind, water, gas, hot air, etc.) is used, excepting undertakings accessory to agriculture or forestry and not specified in paragraph 1, and excepting also such undertakings as employ temporarily a machine not forming part of the permanent plant.

Factories, in the sense of this act, shall mean undertakings in which a business of working at commodities is carried on (*Bearbeitung oder Verarbeitung von Gegenständen gewerbsmässig ausgeführt*), and in which not less than ten workmen are usually employed, and also undertakings in which explosives are produced in course of business.

[It is further provided that the imperial insurance bureau (*Reichsversicherungsamt*) shall decide what other undertakings are to be considered factories; that the act shall apply to railroads and steamships which form an essential part of any of the enumerated occupations; that the Bundesrath may exempt undertakings in which there is no danger of accident from the obligation to insure.]

SEC. 2. The rules and regulations of an insuring body (section 16, *seq.*) may extend the obligation to insure to administrative officers having a salary of more than 2,000 marks ($476) a year. In such case, the indemnity is to be calculated on the basis of an entire year's pay. The rules and regulations may further determine the conditions under which an employer in undertakings specified in section 1 may insure himself, or other persons not subject to insurance by section 1, against accident.

SEC. 3. *Tantièmes* and payments in kind shall be considered part salary or wages in the sense of this act. The money value of articles received in kind shall be reckoned according to the local prices.

Annual earnings shall mean, unless made up of fixed sums paid at least once a week, three hundred times the average earnings per day. In those occupations in which the customary methods of work give to workmen regularly employed a smaller or larger number of working days, that number of working days shall be counted in reckoning the annual earnings.

SEC. 4. [Provides that officers of the empire, of a federal state, or of a municipal body, having a fixed pay and entitled to pension, shall not be affected by the act.]

SEC. 5. The insurance shall yield indemnity for the bodily injury or death, to be measured as follows: The indemnity in case of bodily injury shall be (1) those expenses of cure which arise after the beginning of the fourteenth week from the occurrence of the injury; (2) a regular payment to be made after the beginning of the fourteenth week from the occurrence of the injury, to the person injured, during the continuance of his inability to work.

This payment is to be based upon the average earnings per day of the person injured during the last year of his employment in that occupation in which the injury took place; but any excess of earnings over 4 marks (95 cents) is to be counted for only one-third of its amount. If the person injured has not been employed for an entire year in the occupation in which the injury took place the average annual earnings of workmen of the same class in the same or similar occupations shall be used as the basis of reckoning. If these earnings do not reach the average local daily wages of ordinary laborers, as fixed by the high administrative authorities according to section 8 of the act of June 1 1883, for insurance against sickness, this latter amount shall be us as the basis of reckoning.

The payment shall be, (1) in case of complete inability to work, 6 per cent. of the earnings during such inability; (2) in case of part inability to work, a portion of the payment specified in (3), to be det mined according to the measure of earning capacity that remains. right to indemnity shall belong to the person injured or his rep sentatives if he has intentionally brought about the accident.

[The paragraphs following provide for the accounting between associations which have to insure against sickness by the act of 1 and the associations which have to insure against accident by this for the indemnities imposed upon them respectively.]

SEC. 6. In case of death the following additional indemnities ar be granted: (1) For expenses of burial, twenty times the daily earni as determined by section 5, but not less than 30 marks ($7.14); ( ) pension to be paid to the representatives of the person killed, whic to be based on earnings as defined in section 5. It shall be, (*a*)

the widow until her death or remarriage, 20 per cent. of the earnings; for every fatherless child within the age of fifteen years, 15 per cent.; and if that child loses or has lost its mother, 20 per cent. of the earnings. The payments to widow and children together shall not exceed 60 per cent. of the earnings. If a higher percentage results from the above provisions each share shall be reduced proportionally. If the widow marries again she shall receive three times the amount of her annual pension as payment in full. No right shall accrue to the widow if her marriage with the person insured took place after the occurrence of the accident.

(*b*) For parents or grandparents (*Aszendenten*) of the person killed, if he was their sole support, the pension shall be, until their death or cessation of their need, 20 per cent. of his earnings. If there be several persons entitled under (*b*), parents shall be preferred to grandparents. If persons enumerated under (*b*) and persons enumerated under (*a*) put in competitive claims, the first mentioned shall have rights only in so far as the last mentioned do not put in a claim for the maximum pension. Representatives of a foreigner, who were not living within the country at the time of the accident, have no claim.

SEC. 7. [Provides that, in place of the indemnity secured by section 5, treatment in hospitals can be given under the same conditions as are enumerated in the act for insurance against sickness.]

SEC. 9. The insurance shall be undertaken by the employers (*Unternehmer*) in the occupations mentioned in section 1, who are to be united for this purpose in trade associations (*Berufsgenossenschaften*), which are to be formed for specified districts, and, as a rule, shall include all establishments within each district in the branches of industry for which the associations are formed.

The person on whose account the business is carried on shall be reckoned as the employer. Establishments in which are included occupations of different kinds shall be assigned to that *Berufsgenossenschaften* to which the main occupation belongs. The *Berufsgenossenschaften* can acquire rights and assume obligations, sue and be sued, under their own names. For their debts their property only shall be liable.

SEC. 10. The means for paying the indemnities assumed by the *Berufsgenossenschaften*, and for paying the expenses of their administration, shall be raised by contributions which are to be fixed year by year on the basis of the wages and salaries earned in their respective establishments by the persons insured, and on the basis of the danger tariff hereinafter provided for (section 28). Any excess of wages or salaries over an average, during the period of contribution, of 4 marks (95 cents) per day, shall be reckoned only for one-third of such excess.

No contributions may be raised from the members of the *Berufsgenossenschaften*, nor may their property be employed, for other pur-

poses than the payment of the indemnities imposed on them, the granting of prizes for rescuing persons in danger and for preventing accidents, and the accumulation of reserve funds. * * *

B. FORMATION AND CHANGE OF THE TRADE ASSOCIATIONS (*Berufsgenossenschaften*).

SEC. 11. Every employer in an establishment mentioned in section shall give notice to the lower administrative authorities, within period to be fixed and publicly announced by the imperial insuran bureau, of the articles produced by him and the manner of producti them. For the establishments of which no notice is given, the autho ties are to gather information as they can. They shall have the rig to impose a fine on employers of not more than 100 marks ($23.80) f failure to give the required notice.

The lower administrative authorities shall draw up a list of establishments in their district, arranged according to the classifica tion of the imperial statistics, stating the articles produced, the man ner in which they are produced, and the number of employés who are to be insured. This list shall be handed to the upper administrative authorities, by whom it is to be corrected, in case of need, so as to conform to the classification of the imperial statistics. The upper administrative authority shall hand to the imperial insurance bureau simil lists of all establishments liable to insurance within their district.

C. VOLUNTARY FORMATION OF TRADE ASSOCIATIONS (*Berufsgenossenschaften*).

SEC. 12. The *Berufsgenossenschaften* may be formed, with consent of the Bundesrath, by agreement of the employers. The consent of the Bundesrath may be refused (1) if the number of establishments for which the *Berufsgenossenschaft* is to be formed, or the number of workmen employed in them, is too small to guarantee the ability of the association permanently to fulfil its obligations in respect of insurance against accident; (2) if establishments are excluded from the *Berufsgenossenschaft*, which, because of their small number or the small number of the workmen employed in them, can not form a solvent association of their own and can not be practically assigned to another association; (3) if a minority opposes the formation of the *Berufsgenossenschaft* and offers to form, for specific occupations or districts, a separate association deemed to be solvent.

SECS. 13 and 14. [Provide for the formation of the *Berufsgenossenschaften* by general meetings of the employers, which are to take place under the supervision of the imperial insurance bureau. At these meetings every employer has one vote for any number of workmen less than twenty, one vote for every twenty additional workmen up to two hundred, one for every hundred workmen above two hundred.]

SEC. 15. [Provides for the formation by the Bundesrath of *Berufsgenossenschaften* in cases where the employers do not form them voluntarily, or fail to comply with sections 12 to 14 in endeavoring to form them.]

SEC. 16. The *Berufsgenossenschaften* shall establish at a general meeting of their members bylaws (*Genossenschaftsstatut*) for their administration and order of business. * * *

SEC. 17. The bylaws shall fix (1) the name and seat of the association; (2) the manner of selecting the executive committee (*Genossenschaftsvorstand*) and the extent of its powers; (3) the calling of the general meeting of the association and the manner in which it shall act; (4) the voting powers of the members and the inspection of proxies for voting; (5) principles on which the officers shall act in arranging the classification of the danger tariff (section 28); (6) the procedure in case of changes in the establishments or changes of employers; (7) the consequences of a stoppage of work in establishments, and, more particularly, the manner of making certain the payment of contributions by employers whose establishments close; (8) the payments to be made to the representatives of the workmen for attendance at association meetings (sections 44, 49); (9) the handing in and auditing of the yearly accounts; (10) the manner of exercising the powers hereinafter granted to the association for preventing accidents and inspecting establishments; (11) the conditions under which the bylaws may be changed.

SEC. 18. The *Berufsgenossenshaften* shall accumulate a reserve fund. For its accumulation there shall be levied, when the first period for the payment of insurance contributions arrives, 300 per cent. of such contributions; at the second period, 200 per cent.; at the third, 150 per cent.; at the fourth, 100 per cent.; at the fifth, 80 per cent.; at the sixth, 60 per cent.; and thereafter, until the eleventh period, 10 per cent. less at each period. After the close of the first eleven years, the interest of the reserve fund is to be added to the principal until the fund shall have reached twice the sum annually needed by the association. Thereafter the interest of the reserve fund, so long as the reserve fund exceeds twice the sum annually needed, may be used for meeting the current obligations of the association.

Upon application of the executive committee, the general meeting of the association may at any time order further supplementary contributions to the reserve fund, and may determine that the fund shall be raised to more than twice the sum annually needed. Such determination shall require the approval of the imperial insurance bureau.

In cases of stringent need, the association, with the approval of the imperial insurance bureau, may use the interest of the reserve fund and even trench on the principal, before the accumulation required above. Restitution to the reserve fund shall then take place as may be required by the imperial insurance bureau.

SECS. 19 to 27. [Provide for the composition of the general meetings, permit the division of the *Berufsgenossenschaften* into geographical sec-

tions, make the consent of the imperial insurance bureau necessary t the validity of the bylaws of the association, require the publicatio of the name, seat, and officers of the association, and regulate th election and duties of the officers and trustees. Officers and trustee may not decline an election, though they may decline a reëlection, an shall serve without pay.]

SEC. 28. The general meeting of the association shall establish rule for classifying establishments according to the danger of accident i them, and for determining the amount of the contributions in differe establishments according to a danger tariff. By vote of the gene association, the arrangement and amendment of the danger tariff c be assigned to a committee or to the executive committee. T arrangement and amendment of the danger tariff must have approval of the imperial insurance bureau. If the association fail establish a danger tariff within a period to be determined by t imperial insurance bureau, or fails to get the assent of the bureau its tariff, the imperial insurance bureau after hearing such represent tives of the association as shall have been assigned the task of fixi the tariff, shall itself set up the tariff.

The assignment of establishments to the different classes in th danger tariff shall be made by the officers of the association in th manner prescribed by its bylaws. An employer may appeal from th assignment within two weeks to the imperial insurance bureau.

The danger tariff is to be revised after a period of not more tha two years, and thereafter is to be revised every five years in the ligh of the accidents that have taken place in the different establishments. The results of such revision are to be submitted to the general meetin of the association, with a statement of the accidents insured against i this act, that have taken place in the different establishments. Th general assembly shall then act on the maintenance or amendment o the classification and danger tariff. The general assembly can, for th ensuing period, add supplements to or make deductions from the con tributions of employers according to the number of accidents that hav taken place in their establishments. Changes in the classification o in the danger tariff are not valid without the approval of the imperi insurance bureau, and a list of accidents that have taken place sha be laid before the bureau.

SEC. 29. The bylaws may provide that the indemnities, up to 50 p cent. thereof, shall be borne by the geographical sections in whose d tricts the accidents take place. The contributions which may there be imposed upon the sections shall be divided among their members accordance with the classification and the contributions establish for the association itself.

SEC. 30. Associations may unite for the purpose of joint action part or in whole, in paying indemnities. Such unions must have

consent of the general meetings of the associations concerned, and the approval of the imperial insurance bureau. They shall take effect only at the beginning of a financial year. Agreements of this kind must make provision for the manner of dividing the obligations jointly assumed by the associations. * * *

SECS. 31 to 33. [Regulate further the manner in which the union of several associations shall take place, determine the conditions under which particular branches of industry or establishments in a particular district may leave or enter one or another association, provide for the dissolution of associations which shall have become insolvent, etc.]

SEC. 34. Every employer in an establishment belonging to those branches of industry for which the association is established in a given district is a member of that association. The employer in an establishment subject to insurance at the time when this act takes effect becomes a member at that time. Employers in establishments that come into existence at a future date, or become subject to insurance at a future date, become members at those dates respectively. Every member of an association has the right to vote, provided that he has not lost his honorary civil rights (*bürgerliche Ehrenrechte*).

SECS. 35 to 40. [Make it compulsory for employers to give notice of the character, size, and number of employés, of their establishments, and of changes in their occupations or establishments; require the officers of associations to maintain lists of the members; require the associations to hand in lists of their members to the imperial insurance bureau, etc.]

D. REPRESENTATION OF THE WORKMEN.

SEC. 41. Representatives of the workmen shall be elected for every section of an association, and, if the association is not divided into sections, for the association itself, for the purpose of electing members of the board of arbitration (section 46), for the confirmation of the regulations for the prevention of accidents (sections 78, 81), and for participation in the election of two non-permanent members of the imperial insurance bureau (section 87.) The number of representatives shall be equal to the number of employers on the executive committee of the section or association.

SEC. 42. The election shall be by the executive committee of the *Ortskrankenkasse* or other sick insurance association whose seat shall be within the district of the section or association, and of which at least ten insured persons, employed in the establishments of members of the *Berufsgenossenschaft*, shall be members. The representatives of the employers in the sick insurance association shall have no vote in the election. Only those male persons are eligible for election who are of age, are obligatory members of the associations created by this act, are employed in establishments of members of the association within the district of the section or association, are in possession of the citi-

zens' rights (*bürgerliche Ehrenrechte*), and are not by judicial or tered in the management of their property.

E. BOARDS OF ARBITRATION.

SECS. 46 to 50. [Provide for a board of arbitration for every *Be nossenschaft* or section. It is to consist of a chairman, who is ap by the government of the federal states and must be a public of two members elected by the association or section; and of tw elected by the representatives of the workmen.]

F. THE MANNER IN WHICH INDEMNITIES ARE FIXED AND PAID.

SECS. 51 to 77. [Regulate the manner in which indemnities s fixed and paid. When an accident occurs, the local police auth make an investigation and decide on the cause and nature of th dent, what persons were injured and the nature of their injurie what persons there are (widows, orphans, etc.) who may be entit indemnities. The executive committee of the association or sectio decides what indemnities, if any, shall be paid. From their d appeal lies to the board of arbitration and from this to the imperial ance bureau. The indemnities are to be paid by orders on th office, which is to be reimbursed annually by the association advances.]

SEC. 78. An association shall have the power for the whole of i trict or for any part thereof, or for particular branches of industry particular kinds of establishments, to make regulations as follow Requiring members to adopt measures for preventing accidents, penalty of assigning them to a higher class in the danger tariff, case they are already in the highest class, under penalty of supple to their contributions up to twice the previous amount. A reas period is to be allowed members for adopting the required mea (2) Requiring the persons insured to obey regulations for the p tion of accident, under penalty of fines up to 6 marks ($1.43).

Regulations of this kind must have the approval of the in insurance bureau.

SECS. 79 to 81. [Prescribe further details as to the manner of ing the provisions of section 78.]

SEC. 82. The associations shall have the power to supervise, th their agents, the execution of measures for the prevention of acci and to obtain such information in regard to establishments a be material to membership in the association or arrangement danger tariff. They may also inspect such books and lists as in the number of workmen employed and the amounts paid to the the purpose of checking the lists of workmen and wages whi employers are required to hand in. Employers belonging to an ation shall permit to the duly authorized agents of the asso *entrance on their* premises during the hours of work, and imm

inspection of their books and lists. Failure to comply with this obligation, so far as not effected by section 83, may be punished by the lower administrative authorities by fines of not more than 300 marks ($71.40).

SEC. 83. If an employer fears that inspection by agents of the association may lead to the loss of a business secret or to any damage to his business interests, he may demand inspection by other competent persons. In such cases he shall give notice to the executive committee of the association immediately on learning the name of the agent, and shall name to the committee qualified persons who are willing, at his expense, to make the needed inspection of his establishment, and to give the required information to the executive committee of the association. Should the employer and the executive committee of the association fail to agree on a qualified person, the imperial insurance bureau shall make a decision, if applied to by the executive committee.

SECS. 84 to 86. [Provide that the agents of the associations shall be under an obligation of secrecy, that their names and residences shall be publicly stated, etc.]

G. THE IMPERIAL INSURANCE BUREAU.

SEC. 87. Compliance with the provisions of this act on the part of associations shall be supervised by the imperial insurance bureau. The imperial insurance bureau shall have its seat in Berlin. It shall consist of three permanent members, of whom the chairman shall be one, and of eight non-permanent members. The chairman and the other permanent members shall be appointed for life by the emperor, with the confirmation by the Bundesrath. Four non-permanent members shall be chosen by the Bundesrath from its number. Two shall be chosen by ballot by the executive committees of the associations, and two by the representatives of the workmen in separate elections, which shall take place under the supervision of the imperial insurance bureau. A plurality shall elect. If votes are equal, the decision shall be by lot. The non-permanent members shall hold office for four years. The voice which the individual associations shall have in the election shall be determined by the Bundesrath, upon the basis of the number of persons insured by them.

SEC. 88. The imperial insurance bureau shall see that associations in the conduct of their operations, conform to the requirements of law and of the bylaws. Its decisions shall be final, except where otherwise provided in this act. It shall have the power at any time to examine the conduct of the operations of an association. The members of the executive committee of an association, and its trustees and officers, shall submit, on demand, to the imperial insurance bureau or its representatives, their books, vouchers, all correspondence relating to the contents of their books, or to the determination of benefits and

contributions, and all documents bearing on the determinations of their benefits and contributions. They shall be liable to a fine of not more than 1,000 marks ($238) for failure to comply with such demand.

SECS. 90 and 91. [Regulate the procedure of the imperial insurance bureau, and enact that its expenses shall be borne by the empire.]

SECS. 92 and 93. [Authorize the establishment of federal insurance bureaus, which may assume the functions of the imperial insurance bureau for the associations lying within any federal state.]

SEC. 94. [Authorizes special *Knappschaftsberufsgenossenschaften* on the part of those employers who are members of the *Knappschaften* of the mining regions.]

SEC. 95. Persons who are insured by this law, and their representatives, have a claim for injury from accident against employers, agents or representatives, superintendents or overseers, only in case these persons have been proved in a criminal proceeding to have intentionally brought about the accident. In such case, the claim for injury shall be only for that amount by which the compensation under existing law exceeds the indemnity secured by this act.

SEC. 96. Employers, agents or representatives, superintendents or overseers, of whom it is proved in a criminal proceeding that they have caused an accident intentionally or by neglect of that degree of caution which is specifically required (*besonders verpflichtet*) of them by virtue of their office, occupation, or calling, shall be liable for all expenses which shall have been incurred by a *Berufsgenossenschaft*, or sick insurance association, in consequence of this act or of the act of June 15, 1883, for the insurance of workmen against sickness. This liability is also made to attach to joint stock companies, incorporated associations of all kinds, firms, etc., and its details are regulated.

SECS. 97 *et seq.* [Fix fines upon employers for failure to comply with the provisions of this act, and fine or imprisonment upon officers or agents of associations for misuse of their powers.]

AMENDMENTS TO THE ACT OF JULY 6, 1884.

An act of May 28, 1885, extends the insurance against sickness and accidents to workmen employed in the postal and telegraph service, on railroads, in the army or navy departments (excepting *Personen des Soldatenstandes*), in dredging, cartage, internal navigation and transportation of all kinds, to packers, porters, longshoremen, etc. If the industry in which they are employed is carried on by the empire or one of the federal states, the latter takes the place of the *Berufsgenossenschaft* for the purposes of insurance against accident. If the industry is carried on by private persons or corporations, *Berufsgenossenschaften* are to be formed among them. The general provisions of the acts of 1883 and of 1884 are made to apply to these occupations, with minor modifications called for by their peculiar conditions.

Agricultural laborers had not been affected by the main acts of 1883 and 1884. An act of May 5, 1886, provides for their insurance against accident, and makes certain regulations as to their insurance against sickness. As regards insurance against accident, the principle of compulsory insurance was applied with modifications called for by the peculiar conditions of agriculture. Agriculture in Germay is frequently conducted on a small scale. The small proprietors often employ, without stipulation as to wages, members of their own families. They are apt to act themselves as employés of others. Payments in kind continue in many parts of Germany. In many cases, the employer is bound by contract or customary law to care for the agricultural laborer in case of sickness or accident. These circumstances are taken into account in the act of 1886. As the degree of danger in agriculture does not vary greatly, the *Berufsgenossenschaften* are formed geographically; and a wide discretion is left to the government of the federated states as to their formation. Prussia, in availing herself of the liberty so granted, has made the boundaries of the *Berufsgenossenschaften* within her borders coincide with those of her provinces; while the sections are made coincident with the smaller local divisions (*Kreise*). Prussia, moreover, effects a saving of expense by intrusting the administration of the act very largely to the local authorities already in existence. Other questions are also left to be settled by the states, such as the extent to which members of the employer's family shall participate in the insurance benefits.

As regards insurance against sickness, the act does not provide for its compulsory adoption, but merely regulates certain details of its application in those cases where communes or other local bodies shall have already applied it to agricultural laborers, under the authority conferred by the act of 1883 (see section 2 of that act). It is provided for instance, that, where an employé has a legal claim for support against the employer in case of sickness, as is the case with some members of an employer's family, insurance shall, on the employer's application, be dispensed with, and that it shall similarly be dispensed with where an employer, when sick, has a right to the continuance of payments in kind. The method by which payments in kind shall be computed as money payments is prescribed; and in other ways the manner in which local bodies shall apply insurance against sickness, if they do so at all, is regulated.

Laborers employed in building roads, railroads, canals, etc., and certain others employed on building operations, had not been affected by the insurance act of 1884 or its successors. The act of July 11, 1887, makes provision for them. All employers who carry on such operations as a regular business, unless they are already reached by a previous insurance act, are united into a single *Berufsgenossenschaft*, extending over all Germany, whose affairs are to be managed, in the

main, like those of the other associations of the same kind. Labore hired by employers who do not carry on building as a regular busine and who are not reached by a previous act, are to be insured by t employers in special insurance associations (*Versicherungsanstalte* which are to be created for this purpose as departments of the *Ber genossenschaften* of the building trades. These new associations similar to ordinary insurance companies, maintained and managed the *Berufsgenossenschaften* with separate funds and accounts. Wh a state or local body carries on building operations, it may insure itself or may insure in these associations.

An act of July 13, 1887, extends the system of insurance agai accident to sailors and others employed in shipping.

The next step in the legislation for compulsory insurance was an a granting pensions to laborers in case of old age or disability. Th act passed the Reichstag May 23, 1889, and was approved June 22, 188 It provides for pensions to disabled or aged laborers, and makes provisic for widows, and orphans under 15 years of age, if the deceased su porters of the same have not received pensions, but have paid cont butions for a term of at least five contributory years. The system administered by institutions established by the government with t consent of the federal council. The funds are raised by contributio from the state, the employers, and the employés.

The accident law of July 6, 1884, was extended to land and forest industries May 5, 1886; to the building industries July 11, 1887; an upon July 13, 1887, to those engaged in seafaring and seaboard indu tries.

As with other branches of the insurance a certain class of worke under the calling to which the insurance applied could not be reache simply for practical difficulties. It is admitted that the "very litt ones" need the insurance most of all, but there is a class in each indu try of the larger sort that gets too small or too uncertain a wage make it as yet practicable to reach them. In this special (seafarin branch there is also a class of small fishermen in crafts of less tha 50 cubic metres capacity, which is not reached. It is hoped by t friends of compulsory insurance that such classes will in future con under the law.

AN ACT FOR INSURANCE AGAINST ACCIDENTS OF PERSONS ENGAGE IN MARITIME CALLINGS, APPROVED JULY 13, 1887.

A. General Regulations.

SECTION 1. Persons who (1) belong to German ships (see section as skippers, members of the crew, engineers, attendants, or who in a other capacity form part of the ship's crew (seamen), but skippers on in so far as they are in receipt of pay or wages; and (2) are employ ashore in occupations connected with docks and similar places in t

pilot service, in the rescue and salvage of persons or property in cases of wrecks, and in watching, lighting, and maintaining the seaboard—are insured according to the provisions of this law against the results of accidents arising in pursuance of their vocation, including such accidents as arise from external natural causes (*Elementarereigniss*) while working in their vocation.

Seamen (paragraph 1) who belong to the crews of fishing boats, or of vessels which have a gross capacity of less than 50 cubic metres and which are neither attached to greater vessels nor so constructed as to be propelled by steam or other mechanical power, are outside the scope of this law.

This law does not apply to persons of the class described in paragraph 1 who are really engaged in some other industry (*a*) to which the principle of insurance extends (section 1 of the original accident insurance law). Excluded also from the operations of this law are persons enumerated in the law of March 15, 1886, dealing with the provision for officials and soldiers in cases of accidents on duty and officials who hold appointments in the administration of a federal state or commune, with fixed salary and title to pension, as well as other officials of a commune or federal state who are provided for under section 12 of the above mentioned law.

In cases of doubt the imperial insurance office, after having given a hearing to the trades' association, decides whether an occupation, in the meaning of this law, is subject to insurance.

Persons excluded under paragraph 2 from the provisions of this law can be declared under obligations to insure by decision of the federal council.

SEC. 2. A German vessel in the sense of this law is every vessel used exclusively or generally for sea traffic which sails under the German flag.

[Sea traffic is then defined and a provision added withdrawing from the operations of the original accident insurance law any such occupations as were formerly included in a trades association under that law, which would more rightly fall under the operation of the present law. Shipowners in the sense of this law are all owners of vessels described under this law, or a company if such exists.]

SEC. 3. The insurance holds good for the period from the commencement to the conclusion of active service, including the going on board and the leaving the vessel. The insurance further extends to accidents befalling persons who are insured under section 1 on a German vessel on which they are employed without their belonging to the crew, and to accidents which may befall German sailors during the free return passage, or the transportation in German ships, directed by the

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a For instance, where the navigation is in connection with the mining industry and is an essential part of it.

mercantile code, the seaman's ordinance, or the law of December 27, 1872, enforcing on German vessels the duty of taking up distressed seamen. Should the flag the ship sails under be changed, the term of service concludes at that period at which the subject of the insurance might have claimed his discharge.

Accidents occurring during furlough, or during absence from the vessel in defiance of duty, are excluded from the insurance.

SEC. 4. Shipowners not already insured under section 1, pilots who pursue their business on their own account, and also the employers in the occupations brought under the insurance in section 1 are entitled to insure under this law themselves or other persons engaged in the business who are not included among those insured under section 1 against accidents arising in the pursuit of their vocation.

SEC. 5. The insurance extends to persons earning under and up to 2,000 marks ($476) a year. By the statutes (section 20) the insurance may be extended to individuals earning a higher scale.

SEC. 6. Nine times that average sum (to be fixed by the imperial chancellor) which is determined on as monthly wages at the time the ship is fitted out, plus two-fifths of the average sum paid to able bodied sailors as money equivalent for the subsistence they would be entitled to at sea, is reckoned as the year's earnings of the members of a ship's crew.

[Allowance is further made for supplementary earnings where such are made. The average rate will be fixed for the whole German coast uniformly, the basis being the last preceding period of three years in which the armaments of Germany have not been mobilized, and is subject to quinquennial revision. It is laid down for each class separately, and where it is impossible to assign a definite class to certain members of the crew, three-fourths of the rate fixed for able bodied seamen is taken.]

SEC. 7. In calculating the year's earnings of all other persons included in section 1, the average amount earned by them throughout the year is to be taken into account. This average is to be calculated by the higher administrative authorities (*a*) at the place of business. Should it fall short of three hundred times the amount fixed by them as the local customary daily rate of wages according to section 8 of the laws for insurance against sickness (*b*) of June 15, 1883, the latter amount is to be reckoned as the year's earnings.

In the case of persons insured under section 4, the statutes (section 24) must fix the annual rate.

SEC. 8. The insurance provides compensation for the loss involved by bodily injury or death. The claim for compensation is annulled in case the injured man has wilfully brought the injury upon himself.

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a See note to section 22.

b *Krankenversicherungs gesetz*, section 8 of which empowers the provincial authorities, after consulting the various communal authorities, to determine the scale of *wages generally* earned per diem.

SEC. 9. (*a*) In cases of bodily injury, compensation consists of:

(1) The expenses of the cure, after the legal obligation of the shipper to provide therefor expires, or, in case no such legal obligation exists, from the commencement of the fourteenth week after the accident took place.

(2) A fixed allowance to be made from the same point of time throughout the period of disablement. The fixed allowance consists: (1) In cases of absolute disablement, of 66⅔ per cent. of the year's earnings, as established by sections 6 and 7, throughout the whole period, any sum exceeding 1,200 marks ($285.60) being taken into calculation at one-third; (2) in cases of partial disablement, for the time it lasts, of a fraction of the allowance under (1) to be fixed according to the amount of work the individual is still capable of performing.

If at the time of the accident, the injured man was already partially disabled, and was on that account drawing pay less in amount than the full average, the allowance is calculated according to the scale of the further disability incidental to the accident. If completely disabled at the time, the compensation is confined to expenses of the treatment laid down in paragraph 1.

Or, in place of the above indicated payments, free treatment and board in a hospital may be provided until the restoration of health; (1) this with the consent of the injured man, in case he lives with a member of his family, or, independently of this, where the nature of the injury demands treatment which could not be provided in the family; (2) for others in every case. With consent of the injured man, free treatment and board may be provided on board ship in place of the hospital.

For the time which the disabled man spends in hospital or under treatment on board ship as above, his dependents may claim an allowance in all cases where they would be able to claim it if he had died.

SEC. 10. Persons included under section 1, who are insured against sickness under the sickness insurance law, if they meet with an accident in the exercise of their business, are entitled from the beginning of the fifth to the end of the thirteenth week after the accident, to a

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[a] According to section 48 of the seaman's ordinance (*Seemanns Ordnung*) of December 27, 1872, should the seaman, after the commencement of his engagement, fall sick or be injured, the shipowner bears the cost of his treatment and cure: (1) If the seaman, in consequence of illness or accident, could not undertake the voyage, till three months after the date of the injury or the commencement of sickness; (2) if he start on the voyage and return with the vessel to a German port, till three months have elapsed after the vessel's return; (3) if he start on the voyage and return with the vessel, but the return journey of the vessel does not end in a German port, till six months have elapsed after the vessel's return; (4) if, during the voyage, he had to be put ashore and left, till six months after the vessel proceeded on its voyage. The seaman is, moreover, entitled, if he does not return with the vessel to the port from which it sailed, to be sent back journey free to this port, or to receive a corresponding compensation as the master elects.

According to articles 451 and 478 of the commercial code (*Handelsgesetzbuch*): (1) The shipowner is responsible with vessel and freight for the injuries which any member of the crew may cause a third person through the owner's fault in the execution of his orders; (2) the master of the vessel is responsible to the passengers and the crew for any injuries they may incur through his fault.

sick allowance amounting to at least two-thirds of the rate of earnings taken into calculation.

The excess of these two-thirds over the lower rate of sick allowance which the law or statutes (of the *Krankenkassen*, sick funds) may allow, is to be made up to the sick fund affected, by the employer in whose employment the accident has taken place. The requisite instructions for carrying out this provision are issued by the imperial insurance office.

Where persons injured under section 1 have no legal claim for provision in case of sickness against either shipowners or sick funds, and are injured in the exercise of their business, the employer is bound to make provision for them during the first thirteen weeks after the accident out of his own pocket. The scale of this provision is governed, for seamen, according to the provisions of article 523, etc., of the mercantile code and section 48 of the seaman's ordinance; for other persons included in section 1, according to the provisions of the law of insurance against sickness, with the reservation of the preceding paragraph respecting the extra sick allowance to be paid in such cases.

SEC. 11. The trades' association (section 16) is empowered to assume in particular cases either wholly or in part the obligations resting upon the sick fund and the employer for the first few weeks after the accident.

The trades' association is further empowered, on payment of the cost involved, to transfer the care of the injured man until the end of h treatment to that employer who is responsible for the care for the fi few weeks after the accident, or to that sick fund to which the injur man belongs.

In such cases, a quarter of the year's earnings (sections 6 and 7) wi the limitation provided in section 9, paragraph 2 (1), is reckoned substitute for free medical treatment and medicine for a year, unles higher scale of expenditure is subsequently proved.

SEC. 12. Disputes arising respecting the provision of free treatm and board in a hospital or on board ship (section 9, paragraph 4) wh abroad are decided by the mariners' office (*a*) first reached. T decision can then be temporarily enforced.

Disputes arising under the provisions of sections 10 and 11, as far seamen's claims are concerned, are to be decided by the mariners' offic in other cases according to section 58 of the law of insurance agai sickness. That mariners' office which is first reached is competent decide for seamen in cases where the question of treatment is at iss

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a Seemannsamt. The muster-roll officers (who keep the roll of men liable to m tary service and the reserve roll) form the mariners' office in German ports; abr the German consulates act as mariners' office.

Vide the seaman's ordinance (*Seemanns Ordnung*) of December 27, 1872, which ther explains with regard to the muster-roll offices, that they are established by federal government in conformity with the laws of the state, and subject to impe supervision (section 4).

where the question is one of compensation, the mariners' office of the home port. In cases to be treated according to section 58, above referred to, the authorities controlling the local sick fund are competent to decide, as in the first instance.

Against the decision of the mariners' office, an appeal lies to the imperial insurance office. The appeal must be made within four weeks after the decision was given. In the meantime the decision is operative so far as treatment is concerned.

SEC. 13. In cases of death the following compensations have further to be paid: (1) Where the ship owner is not bound to bear the general expenses under article 524 of the mercantile code, or section 51 of the seaman's ordinance, and when the burial takes place ashore, as compensation for the funeral expenses of seamen, two-thirds of the average monthly earnings, according to section 6; for other persons insured under section 1, the fifteenth part of the average year's earnings according to section 7, the whole not to be less than 30 marks ($7.14). (2) An allowance to the family of the deceased from the day of his death, in assessing which the year's earnings, calculated according to sections 6 and 7, with the limitation provided by section 9, paragraph 2 (1), are to be taken as a basis, the two-fifths allowed as maintenance in the special cases mentioned in section 6, being left out of the reckoning.

The allowance is (1) for the widow of the deceased until her death or remarriage, 20 per cent.; for each child of the deceased father till it has passed its fifteenth year, 15 per cent.; and in case of its mother's death, 20 per cent of the year's earnings. The allowance to widows and children are not, together, to exceed 60 per cent. of the year's earnings. If they amount to more, each allowance is curtailed in a similar proportion. Should the widow marry again, she receives three times her yearly allowance as quit money. The widow has no claim if the marriage was not contracted until after the accident. (2) For ascendant relations of the deceased, if he was their sole support, 20 per cent. of the year's earnings till the time of their death or until they are relieved from necessitous circumstances. Where there are several of the last category, the allowance is secured to parents in preference to grandparents. Where persons under category (2) are in competition with those entitled to allowance in class (1), the claim of the former is admissible only so far as the maximum allowance is not being paid to the latter. The relatives of a foreigner have a claim to the allowance only if they are residing in Germany at the time of the accident. The claim to funeral expenses is due the individual who has provided the funeral.

SEC. 14. Relatives as classified in section 13 of a person insured on a vessel at sea can also claim the allowance if the ship has gone down or is posted as lost, according to articles 866 and 867 of the mercantile code, and if a year has elapsed since its loss or since it was last heard of without any credible news of the missing individual having come to light. The association may require of the persons entitled to the

allowance an assurance on oath that they have received no news of the missing person but that which they have produced.

The payment of the allowance in cases of this kind begins with the day on which the ship went down, or if it be posted as missing after a fortnight has elapsed since the date up to which the latest news concerning the ship has been received (section 42 of the seaman's ordinance). The claim to further payments expires if the breadwinner who has passed for dead be subsequently found to be alive.

SEC. 15. The obligation of relief associations to render assistance to injured seamen and their relatives and families, as well as the obligation of communes and relief unions to assist necessitous persons, is not affected by this law. Where, in virtue of this obligation, relief has been rendered an individual having also claim to compensation under this law, the claim passes to the associations, communes, or unions by whom the relief has been rendered, up to the amount for which such relief has been granted.

SEC. 16. The insurance is carried out on reciprocal terms by the employers in the occupations enumerated in section 1, who for this purpose are united in a trades' association.

The employer is the person on whose account the business is carried on, in seafaring businesses the shipowner (section 2).

The trades' association can acquire rights and contract liabilities under its own name, and sue or be sued at law.

The liabilities of the trades' association only extend to the funds of the association.

SEC. 17. The shipowner has to appoint a representative, with full powers, for each vessel at its home port, if he does not happen to reside there himself. Part owners are also bound to appoint a common representative, even if they all reside at the home port of the vessel. The name of the representative, and any alterations made, must be communicated to the trades' association.

The representative is authorized and bound to represent the shipowner in his character as a member of the association before the latter, legally and privately. This authorization and obligation also extends to such matters of business and procedure as require by law a special power of attorney. Communications on behalf of the association to the representative with full powers, have the same force as if made to the shipowner himself. Limitations on the powers of the representative have no validity in relation to the association. Until the name of the representative has been communicated, or, if the appointment be cancelled, until the appointment of a new representative, the shipowner's vote and eligibility for election are in abeyance. During this time he will not be summoned to the general assembly and the meetings of the association. Communications can be made to him on behalf of the association by the posting of a public notice for the space of a week in the office of that executive officer of the association who makes the communi-

cation. In the notice, the name of the shipowner, if it be unknown, may be replaced by the name of the ship. The statutes may prescribe further limitations on the shipowner in the exercise of those rights which as a member of the association he is entitled to.

A corresponding shipowner (article 459 of the mercantile code), appointed by part shipowners, may act as representative in the sense of the above regulations towards the association, as long as no special representative is nominated. Such a representative has all the rights and duties here enumerated as belonging to an actual representative in dealing with the association.

SEC. 18. The funds to cover the indemnities granted by the association and the expenses of administration are raised by contributions, which are annually assessed upon members of the association (section 79).

For objects other than the payment of indemnities devolving upon the association, *i. e.*, defraying costs of administration, providing rewards for saving shipwrecked persons, precautionary measures against accidents, and collection of the reserve fund, contributions can neither be levied upon the members, nor payments be made from the resources of the association.

To defray the costs of administration, the association may levy a contribution upon its members for a year in advance. The levy of the necessary funds for this purpose is made in advance when the statutes do not provide otherwise—in the shipping business according to the tonnage of the vessels; in others, insured under section 1, according to the number of persons regularly employed, the same sum being paid for each two persons employed as is paid for vessels rated at the lowest scale of capacity exceeding 50 cubic metres.

SEC. 19. The trades' association is bound to accumulate a reserve fund. To form this fund an additional 300 per cent. is levied at the first assessment of the amounts to be paid as indemnity; at the second, 200 per cent.; at the third, 150 per cent.; at the fourth, 100 per cent.; at the fifth, 80 per cent.; at the sixth, 60 per cent.; and so on, diminishing by 10 per cent. until the eleventh assessment. After the eleventh year the interest on the reserve fund is to continue to be added to it until it has reached an amount equal to twice the year's requirements. After that the interest may be applied to cover current expenses, or as much of it as exceeds twice the year's requirements.

On the motion of the governing board of the association, the general assembly may at any time vote further additions to the reserve fund, and determine that it shall be kept at a scale above double the year's requirements. Resolutions of this kind require the approval of the imperial insurance office.

In cases of pressing necessity, the association may, with the sanction of the imperial insurance office, use the interest, and, where unavoidable, even the capital of the reserve fund before this. The latter must

then be made good, according to directions issued by the imperial insurance office.

B. STATUTES OF THE TRADES' ASSOCIATION GOVERNING BOARD.

SEC. 20. The trades' association regulates its internal organization and the direction of its affairs by statutes, to be determined by a general assembly of its members.

SEC. 21. Owners of vessels enumerated in section 1 that are not entered in the register of ships are required, within a term to be fixed by the imperial insurance office, and publicly announced, to hand in the bill of measurement to the police authorities of the home port. The latter are to send in to the proper registration authorities a report of vessels in their district, which are not entered, containing the names and residences of the shipowner and the corresponding shipowner, the class, the home port, the cubic capacity, and the average number of the crew of each ship.

The facts to be entered in the report must be supplied by the local police authorities, according to their knowledge of the circumstances when the bill of measurement has not been sent in, or where it does not give the requisite facts. They are authorized to call on owners of unregistered vessels to supply the information within a stated term, on penalty of a fine not exceeding 100 marks ($23.80).

The registering officers verify the report, and correct it when it includes vessels already entered in the register kept by them. They send the report, with a supplementary list of such vessels as have been entered on the register, since the 1st of January of the current year, to the imperial insurance office.

SEC. 22. Employers in a business included under section 1, but not of a seafaring nature, have to report to the subordinate (*a*) administrative authorities within the period fixed in section 21, paragraph 1, the average number of persons insured who are in their employment.

If the due notification is not made within the proper time, the subordinate administrative authorities are to supply the information to the best of their knowledge, and are empowered to call upon dilatory employers for a report in a given time, under penalty of a fine not exceeding 100 marks ($23.80).

The subordinate administrative authorities are to send in to the imperial insurance office a report of such occupations, through the higher

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a Minor or subordinate administrative authorities (*Untere Verwaltungsbehörde*). Upper or higher administrative authorities (*Obere Verwaltungsbehörde*). These expressions will occur frequently throughout this law.

Which are the subordinate and which the higher, depends on the state and its internal organization. In some cases the *Landrath*, or district (*Kreis*) governor, is the minor, and the *Regierung*, or departmental government, the upper administrative authority; in other cases the latter will be the minor, while the chief president (*Ober Präsident*) of the province will be the upper administrative authority. Each federal state has its special regulations on this subject. (See section 121 of this law.)

administrative authority, showing the number of persons employed in each.

SEC. 23. For the election of a provisional directing board, and for deliberation on the constitution of the statutes, the employers are to be summoned in writing to a general meeting (constituent general assembly) by the imperial insurance office, the number of votes accredited to each being specified. These summonses are drawn up according to the evidence of the last published handbook for the German mercantile navy, and the reports sent in (sections 21 and 22).

The owners of vessels have one vote for every two men of the ship's crews as enumerated in the last handbook for the German mercantile navy. For each vessel not indicated in the handbook, the owner has only one vote. Other employers have one vote for every two individuals insured.

Absentees may be represented by professional colleagues, by their representatives or corresponding shipowners (section 17). No individual can be allowed more than one-third of all the votes represented, nor an aggregate of more than 500 votes.

The general assembly is to take place in the presence of a representative of the imperial insurance office, whose duty it is to open the proceedings, to move for the election of a provisional governing board, consisting of a president, two secretaries, and at least two other members, and to conduct the proceedings until this is done. The representative of the imperial insurance office is to have a hearing whenever he demands it. Until the board elected in conformity with the statutes has assumed the management of affairs, the provisional board is to conduct the meetings and to carry on the business of the association.

Proceedings are to be recorded in a protocol which should contain the proposals made and the resolutions adopted. The protocol is to be sent in to the imperial insurance office by the provisional board within a week after the meeting of the general assembly.

Resolutions of the general assembly are carried by the majority of votes. In cases of a tie the president has a casting vote.

SEC. 24. The statutes of the association are to determine the following points:

1. The name and headquarters of the association.

2. The composition of its governing board, and the extent of its powers.

3. The convening of the general assembly, and the method of its procedure.

4. The title of members of the association to vote (section 43, paragraph 3), and the verification of their credentials.

5. The procedure to be observed (section 37) in rating vessels (section 34).

6. The procedure to be observed when alterations take place in a business or in the person of a shipowner (sections 45 to 47).

7. The consequences of the suspension of a business, especially security for the contributions of members who suspended their business.

8. The compensation (for loss of time, etc.) to be paid to the representatives of the insured (sections 54, 91).

9. The drawing up, examination, and acceptance of the annual financial statement.

10. The exercise of the rights of the association to issue regulations for guarding against accidents and inspecting businesses (sections 90, etc.).

11. The manner in which the persons referred to in section 4 may be brought under the insurance, or their insurance terminated; and how the year's earnings of this class are to be calculated (section 7).

12. Propositions for any alterations in the statutes.

SEC. 25. The statutes may determine that the meetings of the association be by representatives, that the trades' association be divided into sections according to geographical districts, and that men of reliable (*a*) character be appointed officers in these districts. If the statute contains provisions of this kind, there must be further regulations as to the election of representatives, the headquarters and area of the sections, the composition and convening of the local meetings, as well as the form their resolutions are to take, the constitution of their governing boards, and the extent of their powers, also the area of the districts which the confidential agents (*Vertrauensmänner*) are to control, their election, and that of their deputies and the extent of their powers.

The delimitation of the districts of the confidential agents, their election, and that of their deputies, may be entrusted by the meeting of the association to the governing board, or to the sectional board, the election of the sectional board to the sectional assembly.

SEC. 26. The statutes of the association require the approval of the imperial insurance office. Against its decision when unfavorable appeal may be lodged with the federal council within four weeks from the day the decision was communicated to the provisional board (section 23).

If within this term no appeal is lodged, or should the refusal to sanction the statutes be maintained by the federal council, the imperial insurance office is to summon the members of the association within four weeks to a new meeting with a view to further deliberation on the statutes in conformity with section 23. Should the second scheme drawn up at this meeting not prove acceptable, the imperial insurance office is to issue the statutes.

Alterations in the statutes require the approval of the imperial insurance office. Against its refusal appeal to the federal council may be lodged within four weeks.

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a Vertrauensmänner (compare *prudhomme*) literally, men in whom confidence may be placed (cf. trustee). The word occurs constantly throughout the law, having acquired a kind of official signification; it will be rendered, having no equivalent in *English, by the words* "confidential agents."

SEC. 27. After the statutes have finally been agreed upon the governing board has to publish in the imperial gazette:

1. The name and headquarters of the association.

2. The districts of the sections and the confidential agents.

3. The composition of the governing board and of the sectional boards, as well as the names of the confidential agents and their deputies.

Any alterations are to be similarly published.

SEC. 28. The management of the association is in the hands of the board in all respects, except in so far as special points may be reserved by law or statute for decision of the whole association, or intrusted to other officers of the association.

The board's decisions may in urgent cases be taken by a written vote.

Reserved for the decision of the whole assembly are:

1. The election of members of the governing board.

2. Alterations in the statutes.

3. Verification and acceptance of the yearly financial statement, unless this be specially handed over to a committee of the association.

SEC. 29. The association is represented by its governing board legally and extra-legally. The representative power also extends to matters of business and legal transactions for which, by law, a power of attorney is required. In virtue of the statutes the external representative power may be delegated to one or several members of the board.

The association binds, and is bound by the proceedings of its board, of the boards of the sections, and of the confidential agents within the limits of their legal and statutory full powers.

In legal transactions the attestation of the higher administrative authorities that the persons designated really form the governing board is sufficient legislation.

SEC. 30. Eligible as members of the board or as confidential agents are only such members of the association as have power to vote, or their representatives. Ineligible are persons over the disposition of whose property restraint is exercised by legal control.

Election can be refused only on the same grounds as the office of guardian. Reëlection may be declined.

Members of the association who decline election may, by a resolution of the assembly, be mulcted in a higher contribution up to double their normal share.

The statutes may determine that shipowners' representatives or corresponding shipowners (section 17) can be elected to the board or as officers.

SEC. 31. Members of the board and confidential agents (*Vertrauensmänner*, section 25) perform their functions without remuneration, unless the statutes decide that compensation shall be allowed for loss of time incurred in the exercise of their duties. Direct expenses incurred by them are refunded by the association, and where they consist

of travelling expenses according to rules to be drawn up by the whole association.

SEC. 32. Members of the board and confidential agents are responsible to the association for the faithful execution of their duties, as guardians to their wards.

Members of the board and confidential agents acting deliberately against the interests of the association are subject to the penalties of section 266 of the penal code.

SEC. 33. Until the election of the legal officers of the association has definitely taken place, or if these officers refuse to perform their duties properly, the imperial insurance office has to undertake their duties or to appoint persons to undertake them at the expense of the association.

SEC. 34. For each ship an average number of seamen is estimated as necessary for its crew. The estimate is based on the handbook of the German mercantile navy (sections 21 and 22) according to class (section 6).

SEC. 35. It is in the discretion of the association to form by statute in the various businesses under it, danger classes according to the extent of the danger involved, and for these to fix a scale of contributions higher than the normal scale (danger tariff). If the statutes contain such provisions, there must be further regulations as to the procedure to be observed in classifying under the danger tariff. The danger tariff must be drawn up and modified by the association in assembly. It may, however, delegate this duty to a committee or to the governing board.

SEC. 36. The danger tariff must have the approval of the imperial insurance office.

[The paragraph goes on to say that after two years it will be subject to revision, and afterwards again every five years, and any alterations must be submitted to the imperial insurance office.]

SEC. 37. The rating of vessels (section 34) and the classification of businesses (section 35) under the danger tariff is intrusted to the executive of the association according to the rules laid down by the statutes.

The executive of the association may at any time revise the rating and the classification.

They are to be regularly revised at the periods when the danger tariff is revised (section 36). The same procedure is to be observed as at the first rating and classification.

Members of the association are bound to send in to the executive when called upon to do so, within two weeks, such particulars as are necessary for the rating or classification. This also holds good for corresponding shipowners and representatives (section 17) as well as for the master of the vessel under consideration.

SEC. 38. Members of the association are to be informed of the classification, where such has been made (section 37), and similarly, ship-

owners of the rating of their vessels (section 34). Against this classification and rating, respectively, the parties interested may take an appeal to the imperial insurance office within the space of two weeks after notification.

SEC. 39. The assembly may, on the motion of the governing board, add to or diminish the contributions of individual members for the ensuing period, according to the number of accidents that have taken place on their vessels. An appeal against this increase may be taken to the imperial insurance office within two weeks after the notification of the resolution imposing the higher contribution.

SEC. 40. The statutes may determine that where especially dangerous cargoes are carried, or during voyages in especially dangerous waters or seasons, higher contributions be assessed for the duration of these voyages. If the statutes contain such a provision the assembly must issue regulations as to the principles upon which the higher scale is to be fixed, and as to declarations and investigation of the facts which justify the increase.

The assembly may delegate the issue of such regulations to a committee or to the governing board.

The regulations require the sanction of the imperial insurance office, and are to be revised from time to time, according to the provisions referred to in section 36.

SEC. 41. The increase in the scale of the contributions for particular voyages is to be fixed in strict accordance with the statutory regulations by the executive of the association, with reference to the number of journeys made in the financial year. Members of the association, corresponding shipowners, and representatives, as well as masters of ships, are bound to furnish the executive with the necessary information for raising the contributions, as directed in section 37, paragraph 4.

The increase thus assessed may be disputed by a demurrer to the contribution assessed (section 83), but the immediate obligation to pay is not suspended by the demurrer.

SEC. 42. If the trades' association becomes incapable of performing the duties which this law entails upon it, it may be dissolved on the motion of the imperial insurance office by the federal council. The rights and liabilities will then pass over to the empire, and winding up of the business is done by the officers of the extinct association, under control of the imperial insurance office.

C. MEMBERSHIP.

SEC. 43. Every employer in a business included under section 1 with the reservation in section 102 (*a*) is a member of the association. For the owners of vessels engaged in sea traffic at the time the statutes of the association are approved, ownership begins with that moment, and similarly for other businesses under section 1 which are in existence at

a Section 102: Where the state is employer.

the time the statutes are approved; in other cases with the opening of the business.

Dimensions and entries of new vessels in the register are to be communicated to the governing board of the association by the measuring and registering officers; the opening of other businesses under section 1 must be notified by the employers themselves to the minor administrative authorities, and by the latter to the governing board.

All members who are in possession of civil rights, or their representatives, have the right of voting. The extent of their voting power and the manner in which it is to be exercised must be regulated by the statutes, but in calculating the votes of shipowners the basis is to be the number of persons they are rated as employing (section 34).

SEC. 44. The governing board is to draw up a cadastre for the association from the list of German merchant ships in the last edition of the handbook of the German mercantile navy, from the further lists sent in to it by the imperial insurance office (sections 21, 22), and from the notification received under section 43 of new businesses opened.

The individual members are enrolled in the cadastre after preliminary investigation of their title to belong to the association.

Certificates of membership are issued by the governing board through the minor administrative authorities to the members enrolled in the cadastre. If the association is divided into sections the certificate is to show the section to which the member belongs. If the admission to the cadastre is declined, a notification containing the grounds of the refusal is to be sent to the employer in question through the administrative authority.

Against admission to or exclusion from the cadastre appeal may be taken to the imperial insurance office within a term of two weeks from the time the certificate was delivered or the negative decision was communicated. It is to be handed in through the minor administrative authorities.

If within the given term no appeal against a negative decision be taken the case is submitted by the minor administrative authority to the imperial insurance office.

The sectional boards are to be furnished with such extracts from the cadastre as concern members of their section.

SEC. 45. The marine registration authorities are to notify to the governing board of the association all alterations in the register of vessels.

With regard to all vessels classed under section 1 which have not been entered in the marine register, shipowners, corresponding shipowners, and representatives have to notify the governing board, within a term fixed by the statutes, of the loss of vessels (section 81, paragraph 2), changes in the person or in the nationality of the owners or part owners, changes in the home port, the name, the crew, or the capacity of the vessel. If this notification, or that prescribed by section 12

the law of October 25, 1867, be not duly made to the registering authorities, the shipowner or part owner who is entered in the cadastre is responsible for the contributions which members of the association are liable for, and that until the end of the financial year in which the notification is made. The new shipowner, however, is not on this account released from his liability for the contribution due from him.

Within the same period, and under pain of incurring the same disadvantages, the employers in any other business classed under section 1 have to notify the governing board of any alteration in the person of the employer or any change in the business itself which may be of importance as affecting membership of the association.

SEC. 46. Should the governing board be of opinion that in consequence of this communication or notification, or even if such has not been officially received, that the business in question can no longer be classed under the association, or should be transferred to another association, it communicates this decision, with a statement of the reasons, to the employer, through the minor administrative authorities, as well as to the board of the other association concerned. Any objection raised by the latter, or by the employer himself, against such separation or transfer must be made within four weeks.

If within this period no objection is raised the separation of the business from the association or the transfer to another becomes effectual.

If the separation or the transfer is opposed, or if the board of another association claims the employer, and either he or the board of the association to which he has hitherto belonged combats this claim, the latter board is to refer the decision of the case to the imperial insurance office.

The office will give its decision after hearing the individual in question and the boards of the associations interested.

If the transfer is maintained it becomes effective from the day the proposition was made to the board of the association interested.

SEC. 47. Changes which affect the rating of the business (section 34) are to be announced according to the exact prescriptions of the statutes (section 24, No. 6).

The assembly has to frame regulations with regard to the notification of alterations which may be of importance as bringing the business under the danger classes (section 35) where a danger tariff exists. The assembly may delegate this function to the governing board or the committee intrusted with the work of drawing up and revising the danger tariff.

Against decisions based on such notification appeal may be taken to the imperial insurance office within a term of two weeks.

D. REPRESENTATION OF THE INSURED CLASS.

SEC. 48. Representatives of the insured class are elected to take part in the proceedings of the arbitration courts, to consider the instruc-

tions to be issued with a view to the prevention of accidents, and for the selection of two non-permanent members of the imperial insurance office.

E. COURTS OF ARBITRATION.

SEC. 49. An arbitration court is to be organized for the district of the trades' association, or, where it is divided into sections, one for each section.

The federal council may direct instead of one the institution of several district courts.

The seat of the court is fixed by the central authorities of the federal state to whose territory the district of the arbitration court belongs, or where the district extends beyond the confines of a single state, by the imperial insurance office, in consultation with the authorities concerned.

SEC. 50. The arbitration court consists of a permanent president and a board of four.

The president is selected from the class of public officials, exclusive of officials connected with any business enumerated under the present law, by the central authorities of the federal state in whose territory the seat of the arbitration court is situated. A deputy president is also to be appointed, to represent the president when absent.

Two members of the board, and a deputy for each, are to be elected by the association from the members who have the right of voting, from corresponding shipowners or representatives, or, if the association be divided into sections, from the sections concerned. They must not belong to the governing board, nor be confidential agents (*Vertrauensmänner*, section 25).

The other two members of the board, with three deputies for each, are elected from the insured class, residing within the district of the court, or from experts in seamanship. They must not be shipowners, part owners, corresponding shipowners, nor representatives.

Only males of full age, with full civil rights, and not under legal control in the disposition of their property, are eligible.

SEC. 51. The election of the members to be selected from the insured class, or the experts and their deputies (section 50, paragraph 4), is carried out by the directing boards of the local sick funds, or guild sick funds, the officially recognized seamen's benefit clubs, and other officially recognized seamen's associations intended to promote the interests of seamen, which are located in the district of the section of the association, and which include at least ten resident members of the insured class in the district of the court. The government of the federal state in whose territory the court is established, or, where its district extends beyond the area of one federal state, the imperial insurance office, designates the clubs and guilds whose directing boards are entitled to vote and the number of votes each club or guild is to have, and conducts the election through the agency of an officer appointed for this purpose according to rules issued by the authority above referred to.

SEC. 52. The election is for four years. Every two years half the members and deputies retire.

The first retirements are to be decided by lot; afterwards length of service determines. If a member retires during his term of service, his place is filled for the rest of the term by the deputies in succession of their election. Retiring members may be reëlected.

The nomination can be declined only on the same grounds as the office of guardian. Reëlection may be declined.

The higher administrative authorities in the district where the court is situated may impose a fine of not exceeding 500 marks ($119) on persons who, without legal justification, refuse to assume and perform the duties of a member or deputy. The fines are paid into the funds of the association.

If the persons elected still refuse to serve, or if an election leads to no result, the minor administrative authorities, where the occasion arises, and so long as the vacancy continues, are to nominate the members of the court from the two classes of employers and employed.

SEC. 53. The name and residence of the president, as also of the members and the deputies, are to be published by the central authority of the state (section 50, paragraph 2) in the official gazette.

SEC. 54. No remuneration from the funds of the association shall be allowed the president or his deputy.

The members who are nominated from the association receive no salaries, except in so far as the statutes may provide compensation for loss of time through duty in the court. Actual expenses incurred by them are reimbursed by the association, and, where they consist in travelling expenses, according to fixed rates to be laid down by the assembly.

The members elected from the class of persons insured, or the experts, receive a rate of pay per diem as provided by the statutes, and travelling expenses in cases where they have to go more than 2 kilometres.

The compensation, pay per diem, and travelling expenses are fixed by the president.

SEC. 55. An oath is taken by the president, members, and deputies, respecting the fulfilment of their duties.

SEC. 56. The president convenes the court and conducts the proceedings.

The court is empowered to inspect the vessel, or the premises where an accident has occurred, and to take the sworn evidence of witnesses and experts.

The court is only competent when, besides the president, an equal number of members representing each class are present, and at least one of each.

Decisions are by majority of votes.

In other respects, proceedings before the arbitration court are governed by royal ordinance, with the assent of the federal council.

All the costs of the arbitration court are borne by the association.

F. ASSESSMENT AND PAYMENT OF THE COMPENSATION.

SEC. 57. Every accident by which an employé on a vessel during a voyage is killed, or injured in such a manner as to render him unfit for work for more than three days, or which results in death, is to be entered into the ship's journal (day book or log book); and a short description of the circumstances is to be added in the latter, or in a special supplement.

If a journal is not kept, the master has to draw up a special report of accidents occurring on board his ship, which have the results set forth in paragraph 1.

The master has to hand in to the first mariners' office possible a copy certified by himself of any entry of an accident through which any employé on the vessel may have been injured. Instead of this proceeding, he may lay the log or report before the mariners' office for a copy to be made there. The log or report is to be returned by the mariners' office within twenty-four hours.

If the accident takes place in Germany before the commencement or after the conclusion of the voyage, the master has to report it within two days after it comes to his knowledge to the mariners' office, or, if there be none such at the place where the accident took place, to the local police authorities.

The mariners' office or the local police have to transmit these copies and notifications to the mariners' office at the home port.

SEC. 58. Employers in other businesses included under section 1 have to report any accident of the nature described in paragraph 1 of section 57 which may occur in their business within the time prescribed in section 57, paragraph 4, to the local police authorities of the district in which it has happened.

In place of the employer, the person who at the time of the accident has the management of the business in which the accident occurred may make the notification; in cases where the employer is absent, or unable to report, he is obliged to do so.

The managers of industries under the imperial or state administration have to make the notification to the authority directly controlling them, according to instructions issued by the latter.

SEC. 59. Forms for the description of accidents (section 57, paragraph 1), for the reports of accidents (section 57, paragraph 2), and for the notification of accidents (section 57, paragraph 4, and section 58, and paragraphs 1 and 2), are drawn up by the imperial insurance office.

SEC. 60. Catalogues of accidents have to be drawn up for the accidents under sections 57 and 58. These are made out for industries subject to the imperial or state administration by the authority named for

that purpose by the superior authority (*a*), according to directions issued by the latter; for the shipping business by the mariners' office of the home port, and for other businesses under section 1 by the local police authorities in whose district the accident happened, according to the directions of the central state authority.

SEC. 61. Every accident, through which an individual entitled to the insurance meets with his death, or receives an injury which is likely to result in his death, or incapacity for work for a period exceeding that during which the shipowner or employer or the sick fund (*b*) is legally bound to provide, is to be investigated as soon as possible at a mariners' office (*Seemannsamt*) or by the local police authority at home, according to the regulations in sections 62 to 66. The investigation should, as far as possible, throw light on the following points:

1. The cause and nature of the accident.
2. The persons killed or injured.
3. The nature of the injuries received.
4. The place where the persons injured are.
5. The surviving relatives of the persons killed through the accident, or posted as missing, who may claim compensation under section 13.

SEC. 62. If the investigation has to be made abroad, the master of the vessel, accompanied by two officers of the ship or other credible persons, has to make a statement on oath before the first mariners' office (in this case a consulate) as to the points enumerated in section 61. The mariners' office is authorized to take the sworn evidence of persons other than those brought by the master, and to use every available means of investigation in order to establish a conclusion.

If the investigation is to be made in Germany, the master is to apply for it to the mariners' office, or, if there be none, to the local police authorities. The authority appealed to is bound to undertake the examination.

In cases of accidents in industries under section 1 other than seafaring ones, the investigation is to be made by the local police authorities to whom the notification was made (section 58, paragraph 1).

At the request of a party concerned (section 63), the higher administrative authorities may transfer the duty of investigation to a different mariners' or police office.

Where the empire or a state is the employer, the authority to which the industry is subject has to conduct the investigation or transfer it to another authority.

The provisions of section 33 of the seaman's ordinance are here applied to enforce on the crew the duty of coöperating in these declarations and formalities.

SEC. 63. To the investigation (section 62) should be called in, as far as circumstances admit, the injured man, or a representative appointed

a The ministry of government office. *b* See note to section 9.

by him, or, where death has ensued, the surviving relatives, a represe ative of the association, and other persons concerned; while, on t petition of the employer, of the ship's master, or the representative the association, experts may be sent for. If the association has be divided into sections, or if confidential agents have been appoint by the association, notice of the investigation may be given to the se tional board or to the confidential agent. Costs incurred throug experts' evidence are to be borne by the association.

SEC. 64. [Provides for the substitution, where convenient, of a *Verkl rung* (sea protest) (mercantile code, article 490), an old technic point of German marine law.]

SEC. 65. A certified copy of the record of the proceedings of th investigation (or *Verklarung*) is to be sent as soon as possible by th authority conducting the investigation to the governing board of th association. The board is to allow persons concerned access to th record, and, on payment of the copying fees, to supply copies.

SEC. 66. The provisions of the law of July 27, 1877, respecting th investigation of accidents at sea, requiring harbor authorities, coa inspectors, mariners' offices, and marine registration offices to repo at once any accidents that come to their knowledge (section 14 above law), and requiring German mariners' offices abroad in cases accidents at sea to make such inquiries and take such evidence admit of no delay (section 15 of the above law), are extended to a accidents of the nature included in section 61.

Notifications (section 14 of above law) of accidents of the latt class are to be made to the governing board of the association, b this does not affect the existing duty to report accidents at sea to competent marine office (*a*).

If six months have elapsed after an accident has come to knowledg and no report of an investigation held has been received, the inves gation is to be conducted by the mariners' office of the home port.

SEC. 67. The amount of compensation for persons injured throu accident, or for the families of persons killed through accidents, is fix at the earliest possible date officially:

1. By the sectional board, where the association is divided into s tions, when the question deals with repayment of expenses of medic treatment, allowance to be paid during a presumably temporary peri of inability to work, or repayment of funeral expenses.

2. In all other cases by the governing board of the association.

That section is competent within the area of whose jurisdiction home port of the vessel, or the premises of the business in which

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a Marine office (*Seeamt*). Not to be confounded with mariners' office (*mannsamt*). The marine offices deal with mishaps at sea and are empowered withdraw certificates on proof of incompetency or carelessness. The head offic the whole empire is at Berlin. Other marine offices are at Königsberg, Dan Cöslin, Stettin, Stralsund, Flensburg, Emden, Rostock, Lubeck, Hamburg, Bre Bremerhaven, etc.

accident has occurred, are situated. The statutes may direct that the compensation in cases 1 and 2 may be fixed by a committee of the sectional board, or by a special committee, or by officers locally selected for the purpose; and, in cases under 2, that it may be also fixed by the sectional board or by a committee of the governing board.

Before the compensation is fixed the person entitled to receive it is (if he be in Germany) to be informed of the basis on which it is calculated, and so given an opportunity to be heard within the space of one week.

For injured persons who still require further medical treatment to recover from their injuries after the obligation of the association to provide for them has commenced (section 9, paragraph 1, 1), the first assessment of compensation will cover at least such compensation as is to be paid till the conclusion of medical treatment. The ulterior assessment, which could not before be calculated, is to be fixed immediately after the termination of the medical treatment.

In this case, even before the conclusion of the medical treatment, and in all other cases in which the amount of compensation can not be immediately ascertained definitely, a temporary indemnity is to be granted.

SEC. 68. Persons entitled to compensation, for whom the amount has not been fixed officially, must file their claims with the governing board of the association within two years from the date of the accident, under pain of forfeiting their claim, or, if the claim is raised by the family of a man who was on board a ship which is missing, before two years have elapsed from the date such ship has been reported as missing (articles 866, 867 of the commercial code).

After such period the claim is only admissible if it be clearly demonstrated that the consequences of the accident were only discovered later, or if the claimant was prevented from the prosecution of his claim by circumstances beyond his own control.

If the claim put in be admitted the amount of the compensation is to be fixed immediately, otherwise the claim is to be rejected in writing.

When the accident on the grounds of which a claim to compensation is put forward occurred in a business which has no certificate of membership in the association, the claim is to be addressed to the minor administrative authorities; these shall decide to reject the claim if it appears that the business in which the accident occurred can not be included among those under section 1, but if not rejected they are to forward the claim to the proper quarter and to inform the applicant of their action in writing.

SEC. 69. The governing board (or committee or officers) who have fixed the amount of compensation are to send to the claimant a written statement informing him what the amount is, and of the manner in which it has been calculated. In cases of compensation to injured persons incapacitated from work, indication is to be made as to what extent the plea of incapacity was admitted.

SEC. 70. Against the decision of the minor administrative authorities rejecting a claim for compensation on the plea that the business in which the accident has occurred is not within the application of section 1 (section 68, paragraph 4), the injured man or his surviving relatives may appeal to the imperial insurance office. The appeal is to pass through the minor administrative authorities.

Against a decision rejecting a claim on some other ground than that above referred to, and against the decision by which the amount of compensation is fixed (section 69), an appeal must be taken to the arbitration courts. The appeal is to be filed with the president of the court in the area of the jurisdiction of which the home port of the vessel or the premises of the business in which the accident has taken place are situated. The appeal has no suspending powers.

The appeal must be filed, under penalty of rejection, within four weeks after communication of the decision, but for persons not residing in Europe, within a term of not less than six weeks, to be fixed by the minor administrative authorities or the executive of the association by whom the disputed decision was issued.

The decision must specify the authority competent to receive the appeal, or, in the second case, the president of the arbitration court, and the term within which the appeal is to be taken.

If the surviving relatives of the deceased person live in the districts of more than one arbitration court, the case is to be dealt with, on their application, by the court in the district of which the majority reside.

SEC. 71. The decision of the arbitration court is to be transmitted to the appellant and to the executive officers of the association who have issued the contested decision. In cases under section 67, paragraph 1 (2), a further appeal to the imperial insurance office is open to the person injured or his surviving relatives, and to the governing board of the association. The appeal has no suspensory power. It must be sent in, under pain of rejection, within a term of four weeks, and for persons not in Europe within twelve weeks of the date on which the decision was communicated.

When in a case under section 13, paragraph 1 (2), the recognition or non-recognition of the legal connection between the deceased and the survivor claiming indemnity forms the preliminary condition of the claim to indemnity, the arbitration court may oblige the parties interested first to establish the legal connection by the ordinary procedure. In this case the action should be commenced, under pain of exclusion from claim to indemnity, within a term to be fixed by the arbitration court of not less than four weeks after the communication of the arbitration court's decision on this point.

After the definitive decision of the (ordinary) legal court has been rendered, the arbitration court determines on the renewed application to the claim to indemnity.

SEC. 72. After the amount of compensation has been fixed (section

67) the governing board of the association is to deliver to the claimant a certificate respecting the sum due to him, with a specification of the postal office charged with the payment (section 77) and the time when payment will be made.

When in consequence of the procedure before the arbitration court the amount of compensation is altered, another certificate respecting his title is to be delivered to the claimant.

SEC. 73. If an essential change occurs in the conditions which served as a basis for the calculation, the compensation may be readjusted on application or by official order.

If the injured man to whom compensation had been assigned in virtue of section 9 dies of his injuries, the application for compensation allowed to his surviving family, if it be not officially fixed, must be addressed to the competent authority, under pain of rejection, within two years after the death of the aforesaid injured person. After this period the application will only be entertained if it be proved that the claimant was prevented by circumstances beyond his control from the prosecution of his claim. In other respects the provisions of sections 67 to 72 are applied analogously to the case in point.

An increase of the allowance made under section 9 can only be demanded for the period subsequent to the filing of a claim to a higher allowance.

A reduction or suspension of the allowance takes effect from the date on which the decision announcing it (section 69) is communicated to the parties concerned.

SEC. 74. The cost of medical treatment (section 9, paragraph 1, 1) and funeral expenses (section 13, paragraph 1, 1) are to be paid within eight days after they are fixed (section 67).

The compensation allowances to persons injured, and to the surviving relatives of the killed are to be paid in monthly payments in advance. Fractions less than 5 pfennigs ($1\frac{19}{100}$ cents) are to be counted at 5 pfennigs every month.

SEC. 75. When the individual entitled does not reside in Germany the association is empowered to stop the payment of the compensation allowance.

If the individual entitled be a foreigner, the association may settle with him by paying him in amounts equal to three times the annual allowance.

SEC. 76. The rights of persons entitled in virtue of this law to compensation can not legally be pledged nor passed over to a third party, nor be seized for claims other than those of the wife and legitimate children (as designated in section 749, paragraph 4, of the code of civil procedure) and those of the charitable union having claim to repayment.

SEC. 77. The payment of indemnities in virtue of this law is to be made upon *direction of the* governing board of the association, through

the postal administration, and as a general rule by that post office in the district of which the home port of the vessel on which the accident has taken place is situated.

The claimant may however apply to have the payment transferred to the post office at his place of residence.

SEC. 78. Within the eight weeks following the expiration of each financial year the central postal authorities will transmit to the governing board of the association statements of the payments made at its instance, and simultaneously indicate the postal banks to which the amounts to be refunded shall be paid.

SEC. 79. The amounts required for the reimbursement to the central postal authorities, for defraying the costs of administration and for maintaining the reserve fund, are to be assessed by the governing board upon the members of the association and to be collected from them.

With this object, employers belonging to the association engaged in business other than seafaring must, within six weeks after the expiration of the financial year, hand in a statement to the governing board which shall show how many days of the financial year, and to what number, they have employed insured persons.

Where members of the association are behindhand in duly sending in their statement, the bases for the assessment are determined by the governing board after consultation with the officer of the section, if any.

Where a danger tariff has been adopted the assessment is effected according to the classification of members. In other cases: (*a*) For vessels, having regard to any supplementary payments, abatements, or augmentations, as under sections 39 and 40, according to the scale of the amount which is computed for each individual ship, from the sum of the average wages and pay (calculated according to section 6) of the crew as rated according to section 34; (*b*) for other business insured under this law according to the number of working days (paragraph 2); the average year's earnings as fixed in section 7, being taken in calculation for every three hundred days.

Only a third of amounts in excess of 1,200 marks ($285.60) for one man and one year is taken into reckoning (section 9, paragraph 2). Amounts exceeding 2,000 marks ($476) are taken into calculation only when the statutes apply the insurance to a higher rate of year's earnings (section 5).

SEC. 80. For vessels which are proved to have been out of use for a term of more than fourteen days the contribution is to be reduced in a degree corresponding to the length of the period of inactivity exceeding this term. The reduction applies to that financial year in which the period of inactivity has fallen. If the period of inactivity is divided between two consecutive financial years the reduction which could not be made the first year, owing to the period not being concluded, is carried on to the second year.

This reduction can not be admitted if the shipowner, corresponding

shipowner, or representative with full power does not duly, within six weeks after the conclusion of the financial year, send in to the governing board of the association a properly attested certificate of the time the ship has been out of service. In the case of vessels that have not returned to the home ports by the end of the financial year the certificate may still be sent in within six weeks after its return to the home port. In this case, however, the full amount must in the meantime be paid in, subject to subsequent repayment.

SEC. 81. A reduction of the contribution is also made in the case of a vessel which, in the course of the financial year, is lost or reported missing (articles 866, 867 of the commercial code). The period for which the reduction is made commences with the day on which the vessel was lost, or in the case of the vessel reported as missing, two weeks after the day the last news of it was received. These reductions are to be officially made as soon as the facts which occasion the reduction come to the knowledge of the board. On accounts already paid restitution is to be made in proportion to the claim for reduction.

A vessel is considered lost in the sense of this law when it has gone down; when it has been condemned as unfit for or not worthy of further repairs, and in the latter case is sold publicly immediately after; when it has been stolen, broken up, or seized and declared good prize.

SEC. 82. The board calculates on the above principles of division the share which each member has to pay to cover the year's requirements.

To each corresponding shipowner or representative, or member of the association for whom no such representative is appointed, is to be sent an extract from the assessment list drawn up for this purpose, with the demand to pay the amount assessed within two weeks under pain of distress. The extract must contain such statements as will place the individual in question in a position to verify the correctness of his assessment.

SEC. 83. The corresponding shipowners and representatives, or failing such, the members of the association may, within two weeks after they have received the extract from the list, file a protest with the governing board against the share assessed them, this not suspending their provisional obligation to pay it. If their protest be not acceded to, or only in partial measure, an appeal to the imperial insurance office is open to them, to be filed within two weeks after the decision of the board has been transmitted to them. The classification under section 37 and the rating can not be simultaneously contested.

The appeal is only admissible when based on errors of reckoning, or on an erroneous calculation of the estimated crews required (section 34); on an erroneous application of a different class of the danger tariff, to that under which the business is actually classified (section 35); on an inadequate allowance for the reductions admitted under section 39; on an erroneous calculation of the working time and the year's earnings of persons employed in industries other than seafaring

ɔtion 79, paragraph 4); or on ground of inadequate reduction
: the period of a vessel's inactivity (sections 80, 81).
last two cases, however, the appeal can not be entertained if
ılation was made (independently) by the board owing to delay
cing proofs (section 79, paragraph 3), or if the reductions were
ed because the certificate as to the vessel's inactivity was not
ıing at the proper time (section 80).
4. In cases where a higher contribution has been assessed in
' section 40 appeal (section 83) may also be filed, on the ground
re is no real justification for the application of the regulation
ion.
ıe appeal can not be admitted if the certificate of proof requi-
he assessment of the augmented contributions has not been
ıing at the proper time.
5. If in consequence of the protest or appeal a reduction of
ribution is admitted the deficit ensuing is to be covered in
g the contributions for the next financial year. Any over
s that have been made are to be restored or placed to the
f the share of the person in question for the next financial

regulations are applied analogously to cases where the loss
) does not come to knowledge until after the assessments have
ied.
6. For the contributions due to the association, for the security
ay have to be furnished in cases where a business is wound up
24, No. 7), and for the penalties in case of declining an election
30, paragraph 3), the shipowner is responsible not only with
ıd cargo, but also personally. Part owners are liable in pro-
o their share in the vessel.
ıims of the association are vested with the rights of a ship's
(article 757 of the commercial code) with priority of title next
claims indicated in article 772, No. 5, of the commercial code.
e applies to advances which one part owner has made for
or the corresponding shipowner or representative has made
owner or part owners, with the object of meeting claims of the
on.
butions in arrear, securities, and penalties (paragraph 1) are
l by the same procedure as communal dues. The association
ered to impose upon the corresponding shipowner or repre-
) the burden of recovering amounts due from a shipping firm
owner.
butions which can not be recovered become chargeable to the
of the members in general. They may be temporarily advanced
) money on hand or the reserve fund of the association, and
made good in the following year's allotment.
7. The governing board of the association must pay to the

postal banks designated the sums disbursed by the central postal authorities, within three months after receiving the vouchers.

Should the association fail to reimburse the amounts within the required time, the imperial insurance office is, upon application from the central postal authorities, to commence compulsory process for recovery against it.

The imperial insurance office is empowered, in order to cover the amount of advances made by the postal administration, to dispose first of the available resources in the hands of the association. Where these prove insufficient it is to proceed against the individual members of the association for recovery until the arrears are paid up.

SEC. 88. The accounts of the receipts and expenditures of the association are to be kept distinct from the accounts of any income and expenditure foreign to the strict object of the association; its funds are to be kept apart. Money available for investment can be invested only in public savings banks or in the same manner as are the trust moneys of persons under the care of a guardian.

[The section goes on to enumerate certain admissible investments, failing specific regulations as to suitable investments for trust moneys, *e. g.*, any German imperial loan, or loan issued by one of the federal states, or Alsace-Lorraine, any German, communal, or provincial loan, and the imperial bank.]

SEC. 89. The imperial insurance office is to submit yearly to the federal council and the Reichstag (diet) a report of the accounts, at the close of each financial year.

The financial year shall be the calendar year.

G. PREVENTION OF ACCIDENTS—SUPERVISION BY THE ASSOCIATION.

SEC. 90. The association is empowered, for the area included under its jurisdiction, or for specially defined areas, or for special categories of vessels or industries, to issue directions as to steps to be taken for the prevention of accidents, or as to apparatus to be kept on board ships, and to threaten non-compliance with assessment in a higher rated class under the danger tariff, or if the vessel or business be already in the highest class, or if there be no danger tariff, with increased payments up to twice the amount of their shares. A sufficient time is to be allowed employers in which to comply with the prescribed arrangements.

The association is further empowered to hold the master of a vessel responsible for the introduction and preservation of the contrivances and for the maintenance of the prescribed apparatus, and to threaten him for any neglect in this respect with fines up to 100 marks ($23.80).

Such directions require the approval of the imperial insurance office. The application for this approval is to be accompanied by an expression of the views of the directing boards of the sections, recommending the above, or if the association be not divided into sections by that of the governing board.

SEC. 91. The representatives of the insured class or their deputies who are appointed to assist in the arbitration courts are to be taken into consultation by the association board, or the sectional boards, both at the discussion and at the drawing up of such directions. They are not to have more votes at the division than the voting members of the boards. If they outnumber the members of the boards, a corresponding number of them, counting upwards from the junior representative, have no vote.

Otherwise, the representatives appointed to the arbitration courts have full right to vote on the division respecting regulations of this kind. Section 54 is applied to deal with their remuneration. A protocol, recording the proceedings and showing how the members of the arbitration courts have voted, is to be laid before the imperial insurance office.

The approved regulations will be communicated by the board of the association to the higher administrative authorities in the district in which they are to be enforced, and also to all mariners' offices, where they are to be placed in public view.

SEC. 92. The higher valuation contemplated in section 90, paragraph 1, and the adjudication of supplementary payments is ordered by the board of the association; the adjudication of the penalties contemplated in section 90, paragraph 2, by that mariners' office which first received intimation of the neglect (in the particular case). The mariners' offices are authorized, with a view to securing the execution of the provisions of section 90, to institute inspections of vessels.

A second fine by the same or by another mariners' office may be imposed in case the master fails to prove that the instruction could not have been carried out in the meantime. The infliction of the fine is to be entered in the log book by the mariners' office, and is enforceable forthwith.

Against the higher valuation and the imposition of supplementary payments or fines appeals may be taken without prejudice to the immediate obligation to meet the penalty imposed. Appeal against a higher valuation or the imposition of supplementary payments (section 90, paragraph 1) must be made by the employer himself, and that within two weeks after he has received the notice. Appeal against a penalty imposed may be made equally by the master, shipowner, corresponding owner, or representative, and not later than two weeks after the end of the voyage. The appeal is, in every case, to the imperial insurance office, with which the final decision on these points rests.

SEC. 93. The association is empowered to employ inspectors to see that the regulations for the prevention of accidents are complied with, and with a view to the verification of certificates sent in in compliance with legal or statutory regulations, to inspect log books, muster rolls, certificates, bills of tonnage (measurement), as well as the lists which

show the number of persons insured and the extent and the duration of voyages made.

The authorities are required to present for inspection at their office, to such persons appointed by the board, all documents, etc., relating to the vessel and the crew. Shipowners, corresponding shipowners, and representatives, as well as masters of vessels, have to allow the persons thus appointed access to the vessel and free inspection, and to lay before them, then and there, the ship's papers and lists. The obligation covers also the mariners' office (section 92). The latter is to be allowed to enter in the ship's log any penalty it has imposed. In the same manner other employers, under section 1, have to submit to the inspection of their business, and to produce the lists referred to in paragraph 1.

The inspectors may apply to the mariners' office, or to the minor administrative authorities, to enforce the above obligations by fines up to 300 marks ($71.40).

SEC. 94. Members of the governing board and of the sectional boards, as well as the inspectors appointed under section 93, are to maintain a discretionary silence on the facts which may come to their knowledge in the supervision and control of a business. An oath is taken from the inspectors on this point before the minor administrative authorities at their place of residence.

SEC. 95. The name and residence of the inspectors are to be reported by the board of the association to the higher administrative authorities of the district in which they are employed. When required the inspectors are bound to communicate the results of their experiences to the higher administrative authorities or other public officers designated by them. Compliance with this regulation may be enforced by the imperial insurance office by a penalty up to the amount of 100 marks ($23.80).

SEC. 96. Expenses occasioned by the control and supervision of businesses form part of the costs of administration which fall on the association. Where they consist in cash disbursements the board may charge them to the employer, if he or the corresponding shipowner or master have occasioned the expenditure by neglecting to comply with the obligations above imposed upon them. Against this charge appeal may be taken to the imperial insurance office within two weeks after the decision has been transmitted. Recovery is made in the same way as for communal obligations.

H. SUPERVISION.

SEC. 97. For the execution of this law the association is under the supervision of the imperial insurance office (*a*).

a Its constitution is defined in section 87 of the law of July 6, 1884. It has its seat in Berlin, and is composed of at least three permanent members including the president, and eight non-permanent members. The president and other permanent members are nominated for life by the emperor and confirmed by the federal council. Of the eight non-permanent members four are elected by the federal council from its

Four non-permanent members are added to the imperial insurance fice, of whom two are elected by the board of the association from its embers; the other two by the representatives of the insured class ho take part in the arbitration courts, from the class of qualified sea- en who are not shipowners, part owners, corresponding owners, nor presentatives. With regard to qualification for election, the provis- ns of section 1, paragraph 5, are applied.

These non-permanent members are to take part in those proceedings the imperial insurance office which concern the business of the asso- ation under the present law, in place of the non-permanent members ected under section 87 of the old law of insurance against accidents the governing boards and the representatives of the workingmen, id when general questions are dealt with they are to sit in conjunc- on with these members.

The election of the members to be elected by the insured class is held under direction of the imperial insurance office according to ma- rity of votes given in writing. In cases of a tie the decision is by lot.

The duration of office for these non-permanent members is four years. or each non-permanent member a first and second substitute is to be ected, to represent the regular member in cases of incapacity to tend. If a member resigns during his term of office, the substitutes, cording to order of election, take his place as member for the rest of e period.

SEC. 98. It is part of the duty of supervision which the imperial surance office exercises over the working of the association to see at the legal and statutory prescriptions are observed. All its deci- ons are final, unless the present law contains a provision to the con- ary.

The imperial insurance office is at all times authorized to hold an vestigation into the proceedings of the association.

The members of the governing board, official agents, and officers of e association are bound, on requirement of the imperial insurance fice, to lay their books, papers, and correspondence dealing with the ntents of the books, as well as the documents in virtue of which the demnities and annual allowances are fixed, before the persons pointed by the imperial insurance office, or before the office itself. his obligation may be enforced by penalties up to 1,000 marks ($238).

SEC. 99. The imperial insurance office determines, without prejudice the rights of third parties, disputes relating to the rights and obli- tions of the officials of the association, on the interpretation of the atutes, and the validity of elections. It may enforce on the holders

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n members; two are elected by the governing boards of the associations, and o by the representatives of the class insured (the representatives at the arbitra- n courts), at a special election held under the direction of the imperial insurance fice. A first and second substitute is also to be elected for these and for the mem- rs elected by the board. The office of non-permanent members lasts four years. her functionaries in the imperial insurance office are nominated by the imperial ancellor.

of office the observation of the legal and statutory regulations by penalties up to 1,000 marks ($238).

SEC. 100. To give validity to the deliberations of the imperial insurance office, there must be present at least five members, including the president, and among these must be one representative from the associational board and one representative of the insured class, when it is engaged in—

(1) Preparing the form of resolution for the federal council, if the association is to be dissolved on account of incapacity to fulfil its obligations (section 42); or for the establishment of arbitration courts (section 49).

(2) Considering appeals against the decisions of the arbitration courts (section 71).

(3) Approving regulations for the prevention of accidents (section 90).

(4) Considering protests against penalties imposed by the governing board (section 120).

Until the election of representatives from the board and from the insured class has taken place, the presence of five other members, including the president, is sufficient.

In cases under (2), resolutions are adopted with the assistance of two judicial officers.

In other respects the forms of procedure and the order of business in the imperial insurance office are regulated by imperial ordinance, with the assent of the federal council.

SEC. 101. The expenses of the imperial insurance office, and of its administration, are borne by the empire.

The non-permanent members receive for their participation in the labors and meetings of the imperial insurance office a compensation to be fixed for the year, and those who live away from Berlin, over and above this, repayment of their travelling expenses, according to the scale paid to chief clerks (*a*) in the offices of the principal imperial authorities (ordinance of June 21, 1875). The provisions of section 16 of the law of March 31, 1873, concerning the rights of imperial officials, do not apply in this case.

I. BUSINESS UNDER IMPERIAL OR STATE CONTROL.

SEC. 102. In the case of works in which the empire or state is the actual employer, the state or the empire takes the place of the association in applying this law. The powers and duties of the assembled association are in the hands of executive officers, who are appointed for the empire by the imperial chancellor, for the federal state by the central authority. The imperial insurance office is to receive notification what authorities have been appointed to the functions of executive officers.

a Vortragende Räthe.

The provisions of the above paragraph are not applicable when the imperial chancellor or the state government declare that such work are to be classed under the trades' association.

SEC. 103. Where the empire or a state takes the place of the association, the following sections have no application: Sections 16 to 17, 68, paragraph 4; 70, paragraph 1; 78 to 86; 87, paragraphs 2 and 3, 88; 90 to 96; 97, paragraph 1; 98, paragraph 1, No. 1, paragraphs 2 and 3; 99, 100, paragraph 1, Nos. 1, 3, and 4; 117 to 120.

SEC. 104. Representatives of the insured class (section 48) are elected according to the districts controlled by the executive authorities.

The authority competent to issue the executive regulations (section 108) determines what benefit banks and societies have the right to vote, and the number of votes they are entitled to, issues the regulations for the election (section 51), and further fixes the remuneration to be paid to the representatives of the insured class (section 54).

The imperial insurance office determines contested elections.

SEC. 105. At least one arbitration court (section 49) is to be established in each district under such executive authority. The members referred to in section 50, paragraph 3, (*a*) are nominated by the executive authority.

SEC. 106. The indemnities (section 67) are fixed by the authority indicated in the executive regulations.

SEC. 107. Against the decision of the competent authority, rejecting a claim to compensation on the ground that the business in which the accident has taken place can not be considered as falling under section 1 (section 70), the injured man, or the surviving relatives of the deceased, may appeal to the imperial insurance office. The appeal is to be sent in to the imperial insurance office; section 70, paragraphs 3 and 4, are applied here respecting the term within which the appeal must be filed.

SEC. 108. The necessary executive regulations for carrying out the provisions of sections 102 to 107 are to be issued by the imperial chancellor where the imperial government is administrative, by the central state authority where the state governments are administrative.

J. PAINS AND PENALTIES.

SEC. 109. Persons insured under the present law, or their surviving relatives, can only maintain a claim of indemnity for injuries received in accidents against an employer, a part owner, pilot, authorized agent or representative, overseer or foreman, or member of the crew of the vessel to which the injured man belonged, and of the vessel or business in which the accident occurred, if it be established by a criminal verdict that the person sued brought about the accident with deliberate intention.

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a The members nominated from the association.

In this case the claim is limited to the amount by which the indemnity adjudged to the complainant exceeds that to which the present law would entitle him.

This provision does not apply to the obligations founded on article 523, etc., of the mercantile code, sections 48, etc., of the seaman's ordinance, and section 10 of the present law.

SEC. 110. Employers, part owners, pilots, authorized agents or representatives, overseers or foremen, or members of the crew, against whom it has been established by criminal verdict that they have caused the accident by intention, or by carelessness, in not exercising the attention to which they are especially bound by reason of their function, profession, or trade, are responsible for all expenses which, in consequence of the accident, have been incurred by the association or by the sick fund, in virtue of the present law, or of the law of June 15, 1883, on the insurance of workmen against sickness.

A stock company, a corporation, or registered company is responsible in the same degree as the individual employer, for accidents attributable to a member of their board of directors; as is also a commercial company, a corporation, or a registered company for an accident attributable to the fault of any one of the shareholders.

In these cases the principal equivalent in value to the annual allowance may be claimed as indemnity.

The claim expires by limitation if not made within eighteen months after the day the judgment has been rendered.

SEC. 111. The claims referred to in sections 109 and 110 may even be secured without the contemplated settlement by criminal judgment, in cases where this decision can not be obtained owing to the decease or absence of the person in question, or on other grounds connected with the person of the responsible individual.

SEC. 112. In cases of collisions between two or more ships coming under the present law, the provisions of sections 109 to 111 apply to the shipowners, part owners, pilots, authorized agents and representatives, masters, and crews of all vessels concerned in the collision.

In other cases, the responsibility of third persons not indicated in sections 109 and 110, who have brought about the accident with intention, or caused it by their fault, is determined by existing legal regulations. However, the claim of persons entitled to indemnity against third persons is transferred to the association, where the liability of the latter is founded on the present law.

SEC. 113. Trades' associations, as well as employers, part shipowners, and masters of vessels, are prohibited from forming contracts (by means of regulations or special agreement) with the object of excluding or limiting the application of the law to the disadvantage of the insured classes. Contract agreements concluded in violation of this prohibition have no legal validity.

SEC. 114. Insurance policies taken out by employers in industries

included in the enumeration in section 1, or by persons employed in such, against accidents of the kind dealt with in this law with insurance agencies, may be terminated by either the former or the latter, on the condition that they expire one month after the day on which notice is given.

Premiums paid in advance for the period beyond the date of expiration must be repaid in part by the insurance agency. The latter is, however, entitled to reduce the amount to be repaid by 20 per cent. for expenses of administration, unless it has itself given notice of termination.

Where such insurance policies are not terminated by notice, the claim to insurance money becoming due in future, as well as the obligation to pay the premiums and the costs of administration, as they become due, passes to the association, if the insurance agency applies to the governing board for such transfer. The liabilities thus incurred by the association are covered by assessment upon the members of the association (sections 18, 79).

The notice of expiration referred to in paragraphs 1 and 2 may be given with equal effect by the association, in case it has assumed the above rights and obligations.

SEC. 115. Public authorities are bound to meet the requisitions of the imperial insurance office, of other public authorities, and of the executive of the association, of the sections and the arbitration courts, which may be made upon them in execution of the present law, and to address to the above executives, even without requisition, any communications which may be of interest to the association. The various branches of the association are under the same reciprocal obligation.

The expenses incurred in the fulfilment of these obligations are to be repaid by the association as costs of administration incurred (section 18), so far as they consist of remuneration or travelling expenses of officers, or fees to witnesses and experts, or other advances in cash.

SEC. 116. All official papers and documents necessary to give validity to, or throw light upon the legal relations between the trades' association on the one hand, and the persons insured on the other, including those connected with the procedure for investigating accidents (section 62), or for the *Verklarung* (section 64), where this is substituted for the former, are stamp free and duty free. The same holds good of the private powers of attorney issued to representatives of members of the association, and for the questions at issue referred to in section 2.

SEC. 117. Employers, part owners, corresponding shipowners, and representatives, as well as masters of vessels, may be assessed by the governing board with penalties up to 500 marks ($119) if the reports sent in by them in accordance with statutory or legal regulations, or the information supplied by them in virtue of such regulations, contain errors of fact which they were aware of or could have avoided with proper care.

SEC. 118. Employers, part owners, corresponding shipowners, and representatives, as well as masters of vessels, who fail, within the proper time, to fulfil the obligations imposed on them by law or statute, to nominate a representative with full powers, and communicate his name, or to report any alterations in the representation to the governing board, to announce any alterations in their business, to send in their reports, to supply information required, or to comply with the the statutory regulations for the steps to be taken when a business is suspended, may be assessed by the governing board of the association with penalties up to 300 marks ($71.40).

This may also be imposed when the following obligations are not fulfilled:

(1) Making entries in the vessel's log (section 57, paragraph 1).

(2) Keeping a record as to accidents (section 57, paragraph 2).

(3) Making a report of such entries (section 57, paragraph 3).

(4) Giving notification of accidents (section 57, paragraph 4; section 58, paragraph 1).

(5) Causing investigation to be made into the accident (section 62, paragraphs 1 and 2).

(6) Making a sworn deposition (section 62, paragraph 1).

SEC. 119. The regulations of sections 117 and 118 respecting employers apply equally—

(1) When a stock company, registered association, corporation, or other legal body, is shipowner or part owner, to all members of the directing board.

(2) When any other commercial company, or limited joint stock company is shipowner or part owner, to all personally responsible members.

Further, the penal regulations of sections 117 and 118 also affect the legal representatives of members, themselves incapable of transacting business, such as the shareholders of a commercial company, corporation, or registered association.

SEC. 120. Against the penalties imposed by the governing board of the association, an appeal may be taken to the imperial insurance office within two weeks from the date of notification.

Shipowners are liable for the penalties imposed upon them, or upon the masters of vessels, in virtue of sections 117 to 119, according to the rules laid down in section 86, paragraph 1.

SEC. 121. The central authorities of the federal states decide what state or communal authorities shall fulfil the duties assigned by this law to higher administrative authorities, minor administrative authorities, and local police authorities.

The appointments of the central authorities of the federal states, formed in virtue of the above provisions, are to be published in the gazette of the German empire.

SEC. 122. Fines imposed in virtue of this law, except such as are in the province of the law courts, are recovered in the same manner as *communal dues.*

Fines which are not otherwise disposed of by the provisions of this law are paid in to the funds of the association.

SEC. 123. Notifications which mark the date from which terms are measured are transmitted by the post in registered letters. The proof of such transmittal may also be established by official attestation.

Foreigners not resident in Germany have to appoint a representative with full powers to receive notifications (section 160 of the civil code). If such representative has not been appointed, a public notice for a week in the office of the agent of the association, whose duty it is to make the notification, may be substituted.

SEC. 124. The provisions of parts B, C, D, E, and H, the penal regulations dependent on these, and the regulations for executing the provisions therein contained, come into force the day on which the present law is published.

In other respects, the date on which the law shall come into force, will be determined by imperial ordinance with consent of the federal council (*a*).

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a Came into force January 1, 1888, by imperial ordinance dated December 26, 1887.

CHAPTER IV.

THE LAW OF COMPULSORY INSURANCE AGAINST OLD AGE AND INVALIDITY.

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THE LAW OF COMPULSORY INSURANCE AGAINST OLD AGE AND INVALIDITY.

SUMMARY OF THE LAW.

PERSONS INSURED.

All workmen, assistants, journeymen, apprentices (excepting assistants and apprentices of apothecaries), sailors, domestic servants, clerks, etc., above the age of 16 years, and earning not more than 2,000 marks ($476) yearly, are included under the provisions of this law. Compulsion may be extended by the federal council to small employers. Payment in kind is reckoned as salary according to its average value. Where only board and lodging are given the laborer is not obliged to insure.

Those not under compulsion are as follows: All officials of the empire and states, soldiers, persons who receive the legal pension, and all who are unable to earn at least one-third of the average wages of common laborers. The federal council may exclude persons receiving accident pension, and certain officials and persons already having pension rights—always with the proviso that this pension is as high as the minimum pension under the law.

There are now about 7,300,000 men and 3,700,000 women insured for old age and invalidity.

Voluntary insurance under this law is allowed, especially to small employers, and independent workingmen or masters, who have not completed their fortieth year. Also, all persons can continue their insurance who were formerly under compulsion, but afterwards left their situations.

LENGTH OF CONTRIBUTION NECESSARY TO ACQUIRE RIGHT TO PENSION.

The contributions must be paid for a certain time before the insured person acquires a right to the pension. In case of invalidity pensions, five years' contributions are necessary. In case of old age pensions, thirty years of contribution. A year of contribution means payments through only forty-seven of the fifty-two weeks. Thus five weeks of margin are allowed for a sufficient average of enforced idleness and being out of work from other causes, without means of paying the contributions.

In the beginning of this legislation the waiting time has been shortened for practical reasons. From 1891 to 1896 only one year's contributions are required for invalidity pensions if the disabled person has been regularly at work during the last four years.

The right to old age pensions is given to persons who have completed the fortieth year in 1891, after a waiting time that shall be as many years less than thirty as their age exceeds forty. They must, however, have been in regular employment during the last three years before 1891.

This means that a person of 70 years or more could receive such pension after January 1, 1891.

It is hardly to be doubted that a strong reason for giving this old age pension at once was to set such an example of its results before the people as to win their interest and sympathy for the law. The age of 70 was so high for the working classes that extreme indifference or even hostility was expressed. The report was everywhere the same, "Seventy years old; I shall never live so long!" The actual percentage of those who reach this age among the laborers is so small that this high figure is felt to be a weakness of the law. It was, however, thought better to begin so high that the actuarial calculations could be safely made.

The cost of the insurance at 65 years was so much higher that it was found impossible to begin there. All the English schemes take 65.

It is also now claimed that the influence through the country of the old men and women who are actually in the enjoyment of their pensions is producing its hoped for effect upon the working men and women generally.

WHAT IS MEANT BY OLD AGE AND INVALIDITY.

Disability and old age are the subjects of insurance. The pension for disability does not mean total disability. It means a condition in which one can not earn a third of his previous gains (the legal definition is more exact). The prescribed waiting time must have passed; then the person, if totally or partially disabled, draws a pension. The age of the person has no influence in the decision. The claim for this pension is, however, annulled if the disability was brought about intentionally or by criminal action or by disobedience to the doctor's prescriptions.

Persons who secure the accident pension can claim instead that of disability.

The old age pension is given after the completion of the seventieth year. It is given simply for old age, even though the person is in vigorous health.

If disability accompanies old age, the person may choose the disability pension, which is usually higher. This has been considered a danger sure to lead in many cases to conscious or unconscious simulation of disability before the end of the seventieth year in order to

secure the higher rate. The tendency to simulation which has shown itself so strongly both in the sick and accident groups probably led to this charge.

THE AID GIVEN.

Every pension consists of two parts, the imperial subsidy of 50 marks ($11.90), and the amount to be borne by the insurance office. The latter depends upon the contributions paid in. The infirmity pension increases with the time of insurance. The old age pension is not given for more than 1,410 contribution weeks.

The insured persons are divided into four wage classes, according to annual income, as follows:

Wage class 1 includes all persons earning 350 marks ($83.30) and under; wage class 2, all persons earning 550 marks ($130.90) and over 350 marks ($83.30); wage class 3, all persons earning 850 marks ($202.30) and over 550 marks ($130.90); wage class 4, all persons earning over 850 marks ($202.30). The contributions, as well as the pensions, differ according to these classes.

The disability pension begins with a minimum of 60 marks ($14.28) a year. This grows with each week of contribution by 2 pfennigs ($\frac{476}{1000}$ cent), 6 pfennigs ($1\frac{428}{1000}$ cents), 9 pfennigs ($2\frac{142}{1000}$ cents), or 13 pfennigs ($3\frac{94}{1000}$ cents) in the several wage classes. After the waiting time (five years), and after addition of the 50 marks ($11.90) from the imperial fund, the yearly disability pension will be 115.20 marks ($27.42) in wage class 1, 124.20 marks ($29.56) in wage class 2, 131.40 marks ($31.27) in wage class 3, and 141 marks ($33.56) in wage class 4.

After a longer period of contributions the pension is raised proportionally. A maximum limit is not fixed.

The old age pension is 106.80 marks ($25.42) in class 1, 135 marks ($32.13) in class 2, 163.20 marks ($38.84) in class 3, and 191.40 marks ($45.55) in class 4.

The above is true only so far as the insured have belonged in one class. With increase of wages, or decrease, classes may be shifted, and thus the results changed.

If the recipient has belonged to different wage classes, and has paid his contributions for more than thirty years (or 1,410 weeks), the extra contributions in the lower classes are ignored. More than 1,410 weeks are never reckoned—each with 4 pfennigs ($\frac{952}{1000}$ cent), 6 pfennigs ($1\frac{428}{1000}$ cents), 8 pfennigs ($1\frac{904}{1000}$ cents), or 10 pfennigs ($2\frac{38}{100}$ cents), according to the class.

The invalid disability pension can be withdrawn when the disability disappears.

If contributions have been paid for a term of at least five contribution years repayment of half the contributions under this law is accorded (1) to women who marry, (2) to widows, and children under 15 years in cases where the deceased supporters of the same have not received

a pension, and (3) to the fatherless children of insured mothers if the mother dies before receiving a pension. The claims under (2) and (3) are not valid where a pension is given under the accident law.

HOW FUNDS ARE RAISED.

The funds for the purposes of this law are contributed (1) by the empire, (2) by the employer, and (3) by the insured person.

The empire pays 50 marks ($11.90) yearly to each pensioner, also that part of the pensions given during the weeks spent in military service.

The other contributions are paid by employer and employed in equal shares. The employers are however responsible for the whole payment, but may subtract the contribution of the employed at next pay day.

The contributions are so fixed—at first for ten years, afterwards for every five years—that they shall cover all expenses of administration, the prescribed contributions to a reserve fund, the sums necessary for the repayment of contributions as above mentioned, and the capitalized value of the pensions accruing in the period for which the contributions are fixed.

For the first ten years contributions from both sources must be each week 14 pfennigs ($3\frac{333}{1000}$ cents) for class 1, 20 pfennigs ($4\frac{76}{100}$ cents) for class 2, 24 pfennigs ($5\frac{712}{1000}$ cents) for class 3, and 30 pfennigs ($7\frac{14}{100}$ cents) for class 4. These amounts may be altered by the insurance offices.

The contributions are paid by buying special stamps at the post office and pasting them upon the cards used by the insured person for this purpose. All must possess this card. It has spaces for the fifty-two weeks of the year. When the spaces are filled—or in the fourth calendar year—the card must be delivered at a designated office. The insured then receives a certificate for his contribution and a new card.

The sticking in of the stamps must be done by the employers, who are responsible that all the stamps due are on the card. This filling in of the stamps may be taken from the employer and done by an insurance officer at the sick association or other institution to which the employers have to pay the respective amounts in cash. Saxony has this latter method.

THE INSURANCE OFFICES.

The administration is carried out by institutions which are formed by the government with the consent of the federal council. Germany is now divided for this purpose into thirty-one districts, each under an insurance office. Here all persons are insured who work in such districts. The offices have the rights of legal persons and are administered according to statutes that must be approved by the imperial insurance bureau. The officers are nominated by the district authorities. A committee is connected with the office, which represents the employer and the employed. There must be at least five representatives of each party, their numbers always being equal. With the exception of the

free association, they are chosen by the officers of the sick insurance association.

A supervisory council may also be created. For the communes or other small districts men of trust (*Vertrauensmänner*) must be appointed, employers and employed. Their duties are often of much importance, but they are paid only so far as actual expenses are incurred.

Every office must accumulate a reserve fund, the maximum and minimum amount of which is fixed by the law. Several offices may be united if coöperation can facilitate the work. For every office a government commissioner is appointed, who may attend all the meetings for the purpose of protecting the interests of the empire and of other insurance offices.

BOARDS OF ARBITRATION.

For every insurance office there must be at least one board of arbitration, consisting of a president, who is a state or town officer, a vice-president, and four members, elected by the committee of the office for five years—two employers and two employed. This board may examine witnesses under oath.

DETERMINATION AND PAYMENT OF PENSIONS.

Pensions must be claimed. The person who believes he has a right to a pension, either for invalidity or old age, must present his case to the lower administration in his place of residence.

If it is a claim for invalidity, the local administrative body must hear the case as presented by the men of trust or fiduciaries of the insurance office and of the sick insurance association to which the claimant belongs. The application as sent in must be accompanied with the claimant's documents, the opinions of the fiduciaries, as well as the opinions of the local administrative body. The governing body (*Vorstand*) can decide immediately or reëxamine the case. The answer must be made to the claimant in writing. If the pension is allowed, the government commissioner must receive a copy of the answer. Both the claimant and the government official can appeal against the decision to the board of arbitration. A second appeal is allowed to the imperial bureau, where the decision is final.

When the pension has been finally accorded, notice has to be sent to the accountant's office, where the pensions are apportioned between the empire and the respective insurance offices in proportion to the contributions received. Here a protest may also be made upon other grounds, *e. g.*, the amount and source of the contributions. If the pension is granted, the claimant receives a certificate of the sum, payable to him, and a designation of the post office which must pay the pension. For this extra work the post office receives no compensation.

In cases of invalidity the insurance offices can take in hand members who are not adequately provided for by the sick insurance and put

them under more favorable conditions, with the purpose of preventing [illegible]ng permanent disability. They can also, with the same object, provid[illegible]ide for persons who have claims upon the sick association.

The elaborate and ever increasing measures of prevention are co[illegible]n-sidered one of the most hopeful features of these threefold institution[illegible]ns.

SPECIAL INSTITUTIONS.

Besides the regular insurance bureaus, other institutions may [illegible]be admitted as coequal upon condition that they provide for their me[illegible]n-bers with equal care and efficiency. The pension institutions of t[illegible]e state railways and those of the miners' associations are examples. So[illegible]e of these are not under the imperial compulsion, although they recei[illegible]e the subsidy of the empire, 50 marks ($11.90).

ILLUSTRATIONS OF THE WORKING OF THE LAW.

A few concrete cases of various types will best show the actu[illegible]al working of the law.

WEEKLY CONTRIBUTIONS AND AMOUNT OF PENSION GIVEN PER ANNUM IN T[illegible]E VARIOUS CLASSES.

Classes of insured.	Weekly contributions.	Old age pension.	Smallest invalidity pension.	Weekly addition (invalidity).	Invalidity pension.		
					After 20 years.	After 30 years.	After [illegible]50 year[illegible].
1. Earning under $83.30	$0.03332	$25.42	$27.42	$0.00476	$30.70	$32.99	$37 [illegible]41
2. Earning $83.30 and under $130.90.	.04760	32.13	29.56	.01428	39.70	46.41	59 [illegible]63
3. Earning $130.90 and under $202.30.	.05712	38.84	31.27	.02142	46.41	56.41	76 [illegible]54
4. Earning $202.30 and over.	.07140	45.55	33.56	.03094	55.26	69.83	98 [illegible]96

A few examples of the contributions and benefits received in p[illegible]r-ticular cases under the old age and invalidity law, are submitted.

First example: A man contributes to the old age and disabil[illegible]ity insurance fund 100 stamps in wage class 1, 150 stamps in wage cl[illegible]ss 2, 50 stamps in wage class 3, and 300 stamps in wage class 4. [illegible]On account of sickness he is unable to work for 40 weeks and for [illegible]10 weeks he serves as a soldier. After this he becomes disabled. [illegible]is pension will be as follows:

1. Imperial bounty		50.00 marks ($11.9[illegible])
2. From the association		60.00 marks (14.2[illegible])
3. 100 stamps in wage class	1 = 100 × 2 pfennigs	2.00 marks (.4[illegible])
4. 150 stamps in wage class	2 = 150 × 6 pfennigs	9.00 marks (2.1[illegible])
5. 50 stamps in wage class	3 = 50 × 9 pfennigs	4.50 marks (1.0[illegible])
6. 300 stamps in wage class	4 = 300 × 13 pfennigs	39.00 marks (9.2[illegible])
7. 40 weeks of sickness	= 40 × 6 pfennigs (*a*)	2.40 marks (.5[illegible])
8. 10 weeks of military service	= 10 × 6 pfennigs (*a*)	.60 marks (.1[illegible])
Total		167.50 marks (39.8[illegible])

a Weeks of sickness or military service are always reckoned equal to stamps of the second class of wages.

Second example: A man completing his seventieth year has stamps for 1,800 weeks; 500 in wage class 1, 400 in wage class 3, and 900 in wage class 4. He was sick for 50 weeks, and served as a soldier for 40 weeks. These last 90 weeks are reckoned as equal to stamps in the second class. As only 1,410 weeks come into consideration there will be chosen 900 in class 4, 400 in class 3, 90 in class 2, and only 20 in class 1. The pension will be as follows:

1. Imperial bounty	50.00 marks	($11.90)
2. 900 stamps in wage class 4 = 900 × 10 pfennigs	90.00 marks	(21.42)
3. 400 stamps in wage class 3 = 400 × 8 pfennigs	32.00 marks	(7.61½)
4. 90 stamps in wage class 2 = 90 × 6 pfennigs	5.40 marks	(1.28½)
5. 20 stamps in wage class 1 = 20 × 4 pfennigs	.80 marks	(.19)
Total	178.20 marks	(42.41)

Third example: A man becomes disabled. He can earn only 50 pfennigs now and then, whereas he used to earn 2 marks a day. In his receipt cards he has 100 stamps of wage class 1, 150 of class 2, 50 of class 3, and 300 of class 4. He has been ill 40 weeks and performed military service for 10 weeks. His pension will be:

1. Imperial bounty	50.00 marks	($11.90)
2. From the association	60.00 marks	(14.28)
3. 100 stamps in wage class 1 = 100 × 2 pfennigs	2.00 marks	(.47½)
150 stamps in wage class 2 = 150 × 6 pfennigs	9.00 marks	(2.14½)
50 stamps in wage class 3 = 50 × 9 pfennigs	4.50 marks	(1.07)
300 stamps in wage class 4 = 300 × 13 pfennigs	39.00 marks	(9.28½)
4. 40 weeks of sickness = 40 × 6 pfennigs	2.40 marks	(.57½)
5. 10 weeks of military service = 10 × 6 pfennigs	.60 marks	(.14½)
Total	167.50 marks	(39.86½)

He had paid in:

100 stamps in wage class 1 = 100 × 7 pfennigs	7.00 marks	($ 1.66½)
150 stamps in wage class 2 = 150 × 10 pfennigs	15.00 marks	(3.57)
50 stamps in wage class 3 = 50 × 12 pfennigs	6.00 marks	(1.43)
300 stamps in wage class 4 = 300 × 15 pfennigs	45.00 marks	(10.71)
Total	73.00 marks	(17.37½)

For 73 marks ($17.37½) contribution he gets an annual pension of 167½ marks ($39.86½).

Fourth example: A man has 1,800 weeks of contribution of which 600 belong to class 2, 600 to class 3, and 600 to class 4. As only 1,410 weeks come into consideration there will be chosen 600 in class 4, 600 in class 3, and only 210 in class 2. Having become eligible to a pension on account of old age it would be:

1. Imperial bounty	50.00 marks	($11.90)
2. 600 weeks in wage class 4 = 600 × 10 pfennigs	60.00 marks	(14.28)
3. 600 weeks in wage class 3 = 600 × 8 pfennigs	48.00 marks	(11.42½)
4. 210 weeks in wage class 2 = 210 × 6 pfennigs	12.60 marks	(3.00)
Total	170.60 marks	(40.60½)

Fifth example: A man has had 52 contributions in class 1, 100 in class 2, 300 in class 3, and 200 in class 4. He had performed 18 weeks

of military service, and he has had 20 weeks of sickness and 52 weeks of pension. His pension will be:

1. Imperial bounty	50.00 marks	($11.90)
2. From the association	60.00 marks	(14.28)
3. 52 weeks in wage class 1 = 52 × 2 pfennigs	1.04 marks	(.24¾)
4. 100 + 18 + 20 + 52 in wage class 2 = 190 × 6 pfennigs	11.40 marks	(2.71¼)
5. 300 weeks in wage class 3 = 300 × 9 pfennigs	27.00 marks	(6.42¾)
6. 200 weeks in wage class 4 = 200 × 13 pfennigs	26.00 marks	(6.19)
Total	175.44 marks	(41.75¼)

Sixth example: A man of 70 years has paid contributions for 1,500 weeks, *i. e.* for 90 weeks more than the law demands. Of these 1,500 there were 1,400 in the highest and 100 in the lowest class. His pension will be:

1. Imperial bounty	50.00 marks	($11.90)
2. 1,400 weeks in wage class 4 = 1,400 × 10 pfennigs	140.00 marks	(33.32)
3. 10 weeks in wage class 1 = 10 × 4 pfennigs	.40 marks	(.09¼)
Total	190.40 marks	(45.31¼)

Seventh example: Another has 2,000 weeks of contribution; 600 in class 4, 400 in class 3, 500 in class 2 (including 50 weeks of military service and 40 weeks of sickness), 500 in class 1. His pension will be:

1. Imperial bounty	50.00 marks	($11.90)
2. 600 weeks in wage class 4 = 600 × 10 pfennigs	60.00 marks	(14.28)
3. 400 weeks in wage class 3 = 400 × 8 pfennigs	32.00 marks	(7.61¼)
4. 410 weeks in wage class 2 = 410 × 6 pfennigs	24.60 marks	(5.85¾)
Total	166.60 marks	(39.65)

A case may also be given which the English actuary, T. E. Young, took in 1890 from an official organ of the German government, where it was printed with the express purpose of making the law clear:

A workman—at the date when the law comes into operation, say about January 1891—is engaged in employment entailing compulsory insurance; remains in it for at least forty-seven consecutive weeks; discharges the required contributions; and then becomes seriously ill, about the fifty-second week, and incapable of earning a living. He would then, according to the law, possess no right to an allowance for invalidity, as his contributions would not have extended over the entire probationary period of five contributory years of forty-seven weeks each, or two hundred and thirty-five weeks in all. Notwithstanding this defect, however, an allowance will still be granted if he can prove that, before the law came into force, and within the last five years prior to incapacity to work—which in this case would be the interval between the beginning of 1887 and the end of 1890—he was in an employment specified by the law, or in a condition corresponding thereto (namely, illness, military service, etc.), during a period of so many weeks as are wanting to complete the necessary number of contributory weeks (*i.e.*, 235) of the probationary period—amounting, in this example, to 235—47=188 weeks in all (since during the forty-seven weeks he had paid the contributions). If a certificate be presented to this effect he would receive, according as contributions were

paid for him—after the law came into force—from the first, second, third, or fourth wage class, an annual allowance during invalidity of £5 10*s.* 11½*d.*, £5 12*s.* 10½*d.*, £5 14*s.* 3*d.*, or £5 16*s.* 1½*d.*, respectively, although he had actually only contributed the respective sums of

$47 \times \frac{1}{2}$ pfennigs = 3*s.* 3½*d.*
$47 \times \frac{3}{2}$ pfennigs = 4*s.* 9*d.*
$47 \times \frac{2}{2}$ pfennigs = 5*s.* 7½*d.*
$47 \times \frac{3}{2}$ pfennigs = 7*s.* 0½*d.*

This considerable advantage would thus be lost if, through carelessness, the proper certificate should not be procured and preserved.

If a workman, who is over 40 years of age at the same date (say, January 1891), attains the age of 70—when he is entitled to an allowance for old age—about January 1894. after he has been in employment (defined in the law) for a period of about one hundred weeks subsequent to the law coming into operation, and has paid the required contributions, he will then have failed to complete the probationary term of 30×47=1,410 contributory weeks, and would therefore possess no right to an allowance. But the allowance will nevertheless be accorded if he can show that during the three calendar years immediately prior to the enforcement of the law he was engaged—for at least one hundred and forty-one weeks altogether—in one of the prescribed employments, or was in a condition corresponding thereto (illness, etc.). If the workman is unable to prove the average amount of his actual wages during these one hundred and forty-one weeks, the lowest wage class will be adopted as the basis of calculation with respect to the period before the law came into effect. The annual grant for old age—if after the law came into force contributions have been paid from the second wage class—would amount to only 50 marks+(100×6) pfennigs +[(1410−100)×4] pfennigs=£5 8*s.* 5*d.* But if the insured can prove that his average annual earnings during the one hundred and forty-one weeks in question came within the second wage class and not within the lowest, the amount of old age allowance to which he would then be entitled would be 50 marks+(100×6) pfennigs+[(1,410−100) ×6] pfennigs=£6 14*s.* 7*d.*

Thus if he omit to obtain and preserve the requisite certificate as to the duration of his employment, he damages himself to the extent of an annual allowance of 108 marks+40 pfennigs=£5 8*s.* 5*d.*, and if he forget to procure a certificate attesting the average wages he received he forfeits 134 marks+60 pfennigs—108 marks—40 pfennigs =26 marks+20 pfennigs=£1 6*s.* 2*d.*

This case applies to years immediately after the enactment of the law.

It will be remembered, in the exposition of the law, that pensions in invalidity and old age are only claimable after the lapse, from the date of the law, of five and thirty years respectively. "Transitory" provisions, however, dealt with cases of invalidity occurring within the first five years, and of the attainment of age seventy within the first thirty years, by reduction of the *Wartezeit*, or probationary period; and the *Zeitung* points out to laborers how the advantages of these provisions are to be secured.

The process in respect of both invalidity and old age consists in obtaining certificates—for which the authorities supply the appropriate forms—relating to the employment, rate of wages, illness, and military or naval service. The legal formalities in authentication of the certificates are then explained in detail.

According to the imperial statistics there had been, in 1891, 173,668 claims put in for old age pensions. In the thirty-one insurance institutions 132,917 of this number were allowed, 30,534 were refused, 3,115 allowed in other ways, and 7,102 postponed until 1892 for further consideration.

The entire amount for these 132,917 pensions equalled 15,306,754.34 marks ($3,643,007.53). This gives an average pension for each person of about 115 marks ($27.37).

So meagre a sum naturally excites little enthusiasm in countries where the standard of living is higher among laborers than in Germany. It has called out much scornful criticism in England, for example. It should, however, be said that the purpose of this law is not to support the old, but "to protect them against necessity and misery."

This end is certainly reached by the addition of 115 marks ($27.37) to the smaller incomes of the old. Its entire inadequacy is chiefly felt in Germany among those centres of industry—as in the Rhine manufacturing districts—where the wage is at its highest. Many industries here show an income above 1,200 marks ($285.60), while country districts like East Prussia give an income that will not reach 300 marks ($71.40). Here, however, various traditionary helps, presents, wood from the forests, etc., eke out the miserable earnings, so that the difference is less than it appears. The difference is however such that 115 marks ($27.37) or even 50 marks ($11.90) seems an addition worth many sacrifices.

TEXT OF THE LAW.

[NOTE.—This translation was made by Mr. Esme Howard, under the direction of Sir Edward Malet, for the English government.]

AN ACT FOR INSURANCE AGAINST OLD AGE AND INVALIDITY, APPROVED JUNE 22, 1889.

A. EXTENT AND OBJECT.

SECTION 1. According to the provisions of the present law all such persons shall be insured, upon completing the sixteenth year of their life, as, (1) are employed as workmen, assistants, apprentices, or servants, and receive for their service a payment or wage; (2) are engaged in business as assistants in shops, and apprentices (excepting assistants and apprentices of apothecaries) who are in receipt of payment or wage, but whose regular yearly earnings do not exceed 2,000 marks ($476); and (3) persons employed for payment or wage as members of the crew, etc., of German ships, whether for sea (see section 2 of the law of July 13, 1887) or for inland navigation.

A ship sailing under the German imperial flag according to the

authorization granted in article II, section 7, paragraph 1 of the law of March 15, 1888, can not be considered as a German ship for the purposes of the present law.

SEC. 2. By decision of the federal council the provisions of section 1 for specified branches of employment may also be extended to (1) persons having an independent business, who do not employ regularly at least one paid workman; and to (2) masters carrying on an industry independently—without taking into account the number of paid workmen they employ—who in pursuance of their own business are employed at the orders and on the account of other masters in the manufacture or preparation of industrial products (small masters—*Hausgewerbetreibende*); and the above provision can also be extended to class 2 when they obtain their raw material at home, as well as for the time during which they are temporarily employed in working on their own account.

It can further be determined by the federal council whether and to what extent masters, at whose orders and on whose account such small masters are employed, shall be bound to carry out, in regard to such small masters, their assistants, attendants, and apprentices, the obligations imposed upon employers by the present act.

SEC. 3. *Tantièmes* and payment in kind are to be reckoned as ordinary payment and wages. For such payments an average value shall be taken, to be determined by the lower administrative authorities.

An employment, in return for which only free sustenance is given, will not be reckoned according to the present act as an employment entailing compulsory insurance.

It shall be determined by decision of the federal council to what extent temporary services are not to be reckoned as coming within the scope of the present law.

SEC. 4. Officials in the service of the empire or of the federal states, officials in the service of communal unions, and persons serving as soldiers, who are also employed as servants, are not liable to compulsory insurance.

Insurance (under this act) is also not compulsory in the case of persons who, on account of their physical or mental condition, are unable regularly to earn by labor in accordance with their powers and capabilities at least one-third of the daily wage of an ordinary laborer as fixed for their place of employment, according to section 8 of the sick insurance act of June 15, 1883. The same holds good in the case of persons who are entitled by the provisions of this law to receive an allowance for infirmity.

Such persons are to be relieved, upon their petition, of the obligation of insurance, as receive pensions or half pay amounting at the least to the smallest allowance made for infirmity from the empire, from one of the federal states, or from a communal union, or who are entitled by

the laws respecting insurance against accidents to draw a yearly allo ance for at least the same amount. The lower administrative auth ities for the place of employment shall decide as to the petition. A peal may be made against their decision to the authorities immediat superior, whose decision is definitive.

SEC. 5. Persons other than those mentioned in section 4, who a employed in the service of the empire, of any federal state, or o communal union, fulfil the legal obligation of insurance by belongi to special insurance or benefit funds, either already existing or to established for their branch of service, by which a provision equival to that obtainable according to the provisions of the law of the lan secured to them, provided that the following prescriptions are met the funds in question:

(1) The contributions payable by persons thus insured may not exce the half of those to be paid according to section 20 for the state ins ance against old age and infirmity, whensoever such contributions a paid in the place of those enforced under the law of insurance agai old age and infirmity. The above provision can not be applied to the special insurance funds whose system of collecting contributions do not concur with that laid down in section 20, in consequence of whi higher contributions are required in order to cover the expenses arisi out of the payment of allowances for old age and infirmity at the r required by this law. Whenever higher contributions are to be rai those of the insured shall not exceed those of the employers.

(2) In calculating the period of waiting (*Wartezeit*) (*a*) and the allo ance, any period during which contributions were paid to an insura institute (section 41) must be taken into account in favor of such p sons as become members of these benefit funds, whensoever it is desi that they (the waiting period and the allowances) should be reckon according to the provisions of the act.

(3) With regard to the claims of each individual to an allowa either for old age or infirmity a board of arbitrators must be institut at which the insured persons shall be represented, to decide thereup

The federal council will decide, upon the motion of the proper im rial, federal, or communal authorities, what insurance and ben funds may be held to meet the above requirements. The state subsi (section 26, paragraph 3) will be granted to insurance funds th recognized by the federal council for the old age and infirmity allo ances, which they must pay, in so far as the claims made to su allowances are in agreement with the provisions of the present act.

SEC. 6. From the date of this law's coming into force participat in such insurance and benefit funds will be considered as equivalen being insured in an insurance institute. The allowances to be gran according to the measure established by the present law will be ap

a A fixed period for the entire term of which the insured have to pay contribut before they can obtain the right to receive an allowance or pension. See section

tioned amongst the insurance institutes and benefit funds concerned according to the more precise provisions laid down in sections 27, 89, and 94.

If the contributions to a benefit fund of this sort are not levied according to the form prescribed in section 99 and those following, the directing board of the fund will have to give a certificate to persons who leave it, attesting the period of their membership, the rate of wages earned during that period, their membership in a sick fund, and the duration of any illness which they may have undergone. The federal council is empowered to prescribe the form and contents of these certificates.

SEC. 7. It shall be determined by decision of the federal council whether and to what extent the provisions of section 4, paragraph 1, shall be extended to officials who are in the employ of other public corporations or bodies and have future right to a pension, as well as whether the provisions of sections 5 and 6 shall be applicable to the members of other insurance funds whose object it is to provide against old age and infirmity.

SEC. 8. Whenever the prescription of section 1 is not extended, by decision of the federal council, in accordance with the provision of section 2, paragraph 1, to the persons mentioned in section 2, the latter are authorized, provided they have not yet completed their fortieth year and are not confirmedly unfit for work, to insure themselves in wage class 2, according to the standard fixed by the present law.

SEC. 9. The object of this insurance is to provide a right to the receipt of allowances in case of old age or infirmity.

Every person is entitled to an allowance for infirmity, without taking his age into account, who has become confirmedly unfit for work. Such incapability to work, if due to an accident, only gives a right to an allowance for infirmity (saving the provisions of section 76) when no allowance can be paid under the provisions of the imperial statute for insurance against accidents.

A man may be considered as unfit for work when, in consequence of his bodily or mental condition, he is not in a position to earn, by means of labor paid in a manner corresponding to his powers and capabilities, a sum which amounts to at least one-sixth of the average standard of wages (section 23), according to which contributions have been paid for him during the previous five contributory years, and to one-sixth of three hundred times the amount determined under section 8 of the law for insurance against sickness of June 15, 1883, as the usual local daily wage of the ordinary day laborer in the last place of employment in which he was employed in a not merely temporary manner.

Every insured person is entitled to an allowance for old age, without necessarily proving that he is incapable of work, who has completed the seventieth year of his life.

SEC. 10. The insured who, without being confirmed invalids, are unfit for work during an entire year are also entitled to receive an allowance for infirmity during the further continuation of their inability to work.

SEC. 11. Such insured persons as have brought upon themselves, either purposely or by committing any criminal action—declared as such by a court of law—a condition of unfitness to work have no claim to an allowance for infirmity.

SEC. 12. The insurance institutes are authorized to employ the system of treatment prescribed in section 6, paragraph 1, heading 1, of the act for insurance against sickness in the case of any sick person, although he be not actually insured under the law for insurance against sickness, for whom a prolonged incapacity to work is to be feared as a result of his illness, by which he would be entitled to claim an allowance for infirmity according to the imperial laws.

Each insurance institute is further empowered to require that the sick fund to which an insured person belongs, or last belonged, shall undertake to provide such treatment for him as is considered proper by the insurance institute. The latter will have to refund the expenses incurred in carrying out the treatment which it caused to be employed. One-half of the lowest sum granted for sickness under the sick insurance law must be paid as a compensation for such expenses, unless greater expenditure can be proved.

Disputes arising between the insurance institutes and the sick funds concerned will be settled, when they deal with the putting into force of these powers, by the supervising authorities of the sick funds in their administrative courts of arbitration, with finality of decision if it is a question of compensation, or, where such courts do not exist, by the ordinary courts of law.

Insured persons who have become unfit for work in consequence of an illness, but who have not kept to the provisions of paragraphs 1 and 2, lose all right to an allowance for infirmity, if it is to be supposed that their incapacity to labor is due to their own conduct in the matter.

SEC. 13. A parish or larger communal township may establish, by means of bylaws, for their own respective districts, or part of the same, wherever it appears that the wages of workmen engaged in agriculture or forestry are paid entirely or partly in kind, that any persons entitled to an insurance allowance, and resident in this district, who, as agricultural or forest laborers within the same, have been accustomed to draw their wages entirely or partly in kind, may also receive their allowance up to two-thirds of its amount in this form. The value of the kind payments will be reckoned by taking average prices, which are fixed by the higher administrative authorities. The communal bylaws require the sanction of the higher administrative authorities.

Payments in kind to the full value of their allowances are to be made to persons to whom, on account of habitual drunkenness, it is forbidden,

by order of the proper authorities, to sell spirituous liquors in places where liquors are publicly sold, in the parish in which such order has been issued, without all the conditions prescribed in paragraph 1 being present.

The claim to an insurance allowance, in so far as it has to be paid in kind, must be satisfied by the communal township in whose district it has been decided that such payments in kind are to be made.

Notice of the above must be given by the communal township to any person entitled to draw an allowance, to whom the preceding provisions are applicable.

Persons entitled to an allowance are empowered to appeal for the decision in such questions of the communal inspectors (*Communal Aufsichtsbehörde*) within two weeks after the necessary communication has been made to them. All other disputes arising between the communal townships and persons entitled to allowances with reference to the application of these provisions will be settled in the same way.

As soon as it has been decided that the payment of an allowance is thus to be taken over by the communal township the directing board of the insurance institute shall, upon notification from the former, inform the postal administration thereof in due course.

SEC. 14. If the person entitled to allowance be a foreigner he may, in case he gives up residing within the German empire, be paid off with a lump sum equivalent to three times his yearly allowance.

SEC. 15. In order to obtain a right to an allowance for old age or infirmity it is necessary, besides producing proof of incapacity to work or of having attained the age prescribed by law, (1) to have completed the prescribed period of waiting (*Wartezeit*), and (2) to have paid contributions.

SEC. 16. The period of waiting amounts to, (1) for allowance for infirmity, five contributory years; and (2) for allowance for old age, thirty contributory years.

SEC. 17. Forty-seven contributory weeks (section 19) are reckoned as one contributory year. For this purpose contributory weeks which fall even within different calendar years will be added together to make up the contributory year, saving the provisions of section 32.

Such persons as, after having been employed not merely provisionally in some employment or service entailing compulsory insurance, are prevented for a period of seven or more consecutive days from continuing their state of insurance on account of a certified illness bringing with it inability to work, or who, in view of the fulfilment of their military service, have been recruited for the army or navy in times of peace, mobilization, or war, or who have rendered voluntary military service in time of mobilization or war, are allowed to reckon such periods of time as contributory periods.

A period of illness shall not be reckoned as a contributory period when the insured person has brought such illness upon himself either

purposely or by committing a criminal offence against the laws of the land, or by guilty participation in brawls and fights, by drunkenness, or evil and dissipated habits.

In cases of illness lasting for more than a year consecutively the perio after the lapse of that year may not be reckoned as contributory.

SEC. 18. For notification of an illness (section 17) the certificate the directing board of that sick fund (section 135) or benefit fund, tablished according to the law of the land, to which the insured pers belonged is sufficient; but the certificate of the parish authorit suffices for that period of time which extends beyond the term durin which allowances for sickness are given by the sick funds, as well a for such persons as have not belonged to any funds of this kind. The governing boards of the funds are bound to make out these certificates, and can be compelled to do so by the inspecting authorities under pain of a fine not exceeding 100 marks ($23.80).

The higher officials may draw up the above mentioned certificates for persons working in the employ of the imperial or federal governments.

The notification of military service rendered is made by sending in military papers.

SEC. 19. The means requisite for the payment of allowances for old age and infirmity will be supplied by the empire, the employers, and the insured.

The supply of the means will be effected on the part of the state by subsidies to the allowances which have actually to be paid in each year, and on the part of the employers and the insured by running contributions. These contributions fall in equal shares upon employers and insured (section 116), and must be paid for every calend week during which the insured person has been in an employment e tailing compulsory insurance (contributory week).

SEC. 20. The contributions payable for the contributory week mu be fixed beforehand in the case of each insurance institute (section for a specified period, which shall be, in the first instance, for the fi ten years after the coming into force of the present law (section 1 paragraph 2), and afterwards for periods of five years each.

The rate of contributions must be admeasured in such a way a enable the proceeds thereof, while taking into consideration case non-payment owing to illness, to cover the costs of administration admit of the laying aside of a certain sum to form a reserve f (section 21), and to meet the expenses likely to be entailed by the payment of contributions (sections 30 and 31), as well as to raise capital necessary for the payment by the insurance institute o share of insurance allowances which, according to all probability, have to be granted during the period in question.

SEC. 21. The sums set aside to go to the reserve fund shal so admeasured for the first contributory period as to amount, at

end of this period, to one-fifth of the capital required to meet the payment of allowances which will, in all probability, become due from the insurance institute during that period. Should the reserve fund not have attained this measure at the end of the first contributory period, the deficit will have to be made up in the following contributory periods. The distribution thereof over these periods is subject to the approval of the imperial insurance office.

It may be determined by the bylaws of the insurance institute that the reserve fund shall be increased to twice the amount prescribed in the above provision.

The reserve fund, together with the interest upon it, may only be touched—until it has reached the prescribed amount—in cases of extreme necessity under the sanction of the imperial insurance office.

SEC. 22. The following classification of the insured has been made according to the rate of wages which they receive yearly in order to effect the admeasurement of the contributions and allowances:

Class 1 includes all persons earning 350 marks ($83.30) and under.
Class 2 includes all persons earning 550 marks ($130.90) and over 350 marks ($83.30).
Class 3 includes all persons earning 850 marks ($202.30) and over 550 marks ($130.90).
Class 4 includes all persons earning over 850 marks ($202.30).

Unless employer and insured have agreed to take a larger sum as the basis of their calculation, the yearly earnings shall be reckoned in the following way:

(1) For persons engaged in agriculture or forestry, the average yearly wages shall be fixed—unless they come under the provision of No. 4—by the higher administrative authorities, having respect to the provisions of section 3, and for railway officials the yearly earnings shall be reckoned according to section 3 of the law of May 5, 1886.

(2) For sailors insured under the maritime insurance law of July 13, 1887, and other persons engaged in navigation, the average yearly rate of wages shall be taken which was fixed for them by the imperial chancellor under sections 6 and 7 of the above law, or else by the higher administrative authorities.

(3) For members of colliers' benefit clubs the average yearly wages will be reckoned as three hundred times the amount of the average daily wage—as decided by the governing board of the club—earned by that class of workmen to which the insured person in question belongs, which must, however, not be less than three hundred times the amount of the average local daily wage of an ordinary day laborer in the place of employment (section 8 of the law of insurance against sickness).

(4) For members of sick associations of all sorts (local, factory, builders', or guild sick associations) the average yearly wages will be calculated as three hundred times the amount of their average daily wage as reckoned for their contributions to their sick fund (section 20 of the law of insurance against sickness), or else three hundred times the amount of their actual daily wage (section 64, No. 1, of the same law).

(5) As a general rule the yearly wage will be reckoned as three hundred times the local daily wage of an ordinary day laborer in the place of employment (section 8 of the law of insurance against sickness).

SEC. 23. As the annual standard of wages—

Wage class 1 is reckoned at 300 marks ($71.40).
Wage class 2 is reckoned at 500 marks ($119.00).
Wage class 3 is reckoned at 720 marks ($171.36).
Wage class 4 is reckoned at 960 marks ($228.48).

SEC. 24. The contributions must be so measured according to wage classes that the contributions payable by each wage class shall cover the claims to allowances based upon the contributions paid by members of that class which it may be anticipated that the insurance institute will have to satisfy. The additional burden arising out of self insurance and voluntary continued insurance must be distributed over the various wage classes.

Contributions of persons belonging to the same wage class who are likewise members of the same insurance institute may be rated differently according to their branches of trade. As a general rule the contributions of persons belonging to the same wage class and members of the same institute should be of the same amount.

SEC. 25. The allowances are fixed by the calendar year. They are furnished by a sum to be supplied by the insurance institute—saving the proviso of section 28, paragraph 2—and by a fixed subsidy from the state.

SEC. 26. The calculation of the share of allowance for infirmity payable by the insurance institute is made by taking as a foundation the sum of 60 marks ($14.28). This rises with every contributory week completed, in the following scale:

Wage class 1, 2 pfennigs ($0.00476).
Wage class 2, 6 pfennigs ($0.01428).
Wage class 3, 9 pfennigs ($0.02142).
Wage class 4, 13 pfennigs ($0.03094).

The share of the allowances for old age to be supplied by the insurance institute amounts for every contributory week—

In wage class 1 to 4 pfennigs ($0.00952).
In wage class 2 to 6 pfennigs ($0.01428).
In wage class 3 to 8 pfennigs ($0.01904).
In wage class 4 to 10 pfennigs ($0.02380).

For this purpose 1,410 contributory weeks are reckoned to the account of each individual. If contributions have been paid for any insured person for more than 1,410 contributory weeks in different wage classes, those 1,410 contributory weeks will be taken into account for him during which the highest contributions were paid.

The state subsidy amounts to 50 marks ($11.90) for each allowance.

The allowances must be paid in advance in monthly instalments, and must be rounded off by an addition to multiples of 5 pfennigs ($1\frac{1}{10}$ cents).

SEC. 27. In the case of an insured person belonging to any of the insurance or benefit clubs recognized by sections 5 and 7, such wage class will be assigned him in calculating his old age allowance as well as the increase of allowance for infirmity for every week of participation, as he would actually have belonged to at the rate of wages he was earning if he had been insured in an insurance institute.

If the insured was at the same time a member of a miners' benefit club, or of any local, factory, builders', etc., sick fund, the wage class to be assigned to him shall be determined according to the provisions of No. 3 or No. 4 of section 22, paragraph 2.

SEC. 28. Wage class 2 will be taken as a basis of calculation in reckoning allowances for periods of certified illness or military service, which, according to section 17, are to be considered as contributory periods.

The state will take over the duty of supplying that portion of an allowance which is payable in consequence of a period of military service.

SEC 29. Allowances for infirmity fall due from the date of the day on which the insured became unfit to work. This date shall be reckoned as that day on which the petition for an infirm allowance was sent into the lower administrative authorities, unless another date be fixed in the decision which they pass upon the petition.

The allowance for old age commences at the earliest upon the first day of the seventy-first year of life. The same is forfeited whenever an allowance for infirmity is granted to the recipient.

SEC. 30. Women who marry before entering upon the enjoyment of any allowance may claim the restitution of one-half of the contributions paid for them, if the latter have been paid for the term of at least five contributory years. This claim must be made good within three months after marriage.

All reversionary right based upon their previous condition as insured persons dies out upon such restitution.

SEC. 31. When a man for whom contributions have been discharged for at least five contributory years dies before entering upon the enjoyment of an allowance, his widow, or, in case he leaves no widow, his legitimate children under the age of 15 years, have the right to claim the restitution to them of one-half of the contributions paid for their husband or father.

If a woman for whom contributions have been paid for five contributory years dies before touching an allowance, the children she leaves—if they are also fatherless—under the age of 15 years have the right to claim the restitution to them of one-half of the contributions paid for the deceased.

The above provisions are not applicable in cases where the relicts of the deceased receive an allowance under the act for insurance against accidents on account of the circumstances under which the death took place.

SEC. 32. All reversionary right arising from a condition of insurance becomes extinct if contributions have only been paid, whether under obligatory insurance or voluntarily (section 117), for less than a total of forty-seven contributory weeks during the space of four consecutive calendar years.

This reversionary is resuscitated whenever the state of insurance is renewed by reëmployment in a business entailing compulsory insurance or by voluntary payment of contributions, and thereafter a term of five contributory years has been completed.

SEC. 33. Should any change occur in the condition of a recipient of allowance for infirmity, by reason of which he can no longer be considered as confirmedly unfit for work, his allowance may be stopped.

Such withdrawal of an allowance dates from the day on which notice thereof was communicated.

If the allowance is renewed to the same person the former period during which he received the allowance is to be reckoned just as a period of certified illness (section 17, paragraph 2).

SEC. 34. The right to an allowance attainable under this law ceases—

(1) For those persons who receive an annuity under the law for insurance against accidents as soon as and by so much as the allowance for accidental injury, plus the allowance which would (under ordinary circumstances) be granted to the persons in question under the present law, exceeds the sum of 415 marks ($98.77).

(2) For officials and soldiers, as designated in sections 4 and 7, as long as and by so much as the pensions or half pay granted to them, plus the allowance which they should receive under the present law, exceeds the amount of 415 marks ($98.77).

(3) As long as the person entitled thereto is undergoing a sentence of more than one month's imprisonment or as long as he is in a workhouse or reformatory (*Besserungsanstalt*).

(4) So long as the person entitled thereto is not domiciled within the empire. This provision may, however, be cancelled by the federal council in the case of certain frontier districts.

SEC. 35. Any obligations imposed by the authority of the law upon parishes or charitable unions (*Armenverband*) with a view to the support of necessitous persons, as well as all obligations imposed by law, bylaws, or conventions to provide for aged sick or necessitous persons, are not touched by the present law.

Whenever any necessitous persons shall have received support from a parish or union, during a period in which they would be entitled to an allowance for old age or infirmity, their right to such allowance is transferred, to the amount equivalent to the cost of support received, to the parish, etc., concerned.

The same holds good in the case of employers or insurance funds who have discharged the legal obligations of parishes or unions relative to the support and assistance of necessitous persons.

SEC. 36. Factory benefit associations, miners' benefit associations, sailors' associations, and other institutions of the same nature established for agricultural, industrial, and similar businesses which allow their members an annuity or capital for old age or infirmity whilst insuring them as required by the present law, are authorized to reduce the pecuniary support granted to such persons as are also entitled to receive an allowance for old age or infirmity under this act, by the amount of the latter, or to a less amount, if at the same time the contributions of the employers and members of the fund, or if with the sanction of the employers, at least those of the members, have been reduced in a corresponding measure. This permission does not extend to payments made by funds according to their bylaws, which have been sanctioned by the fund, before decision to such an effect has been come to by the competent authorities or before the present law comes into force.

The alterations in the bylaws (of such insurance and benefit funds) necessary for this purpose require the sanction of the competent state authorities. The latter, on their side, are empowered to introduce a corresponding alteration into the bylaws, which shall be legal and valid, if such alteration be desired by the employers who pay contributions to the funds, or by the majority of the members, although the alteration in question may have been rejected by the competent authorities of the fund.

There is no necessity for any reductions being made in the contributions (payable to the funds) if the money saved by the reduction of sums expended in direct relief be used for other benevolent objects for the benefit of persons employed in the business, of workmen, and of their relicts (widows and children), and this other use of the above sums be regulated by the bylaws and sanctioned by the supervising authorities, nor can such a reduction of contributions be required if it is necessary to continue them at the same rate as before in order to cover the liabilities of the fund.

SEC. 37. For persons who draw allowances for old age or infirmity from funds of the kind described in section 36, the extinction of the state of insurance as prescribed in section 32 can not be enforced.

SEC. 38. The provisions of sections 36 and 37 shall be applied also to those funds for providing for the infirm and aged which are entitled to support from the local authorities by the provisions of local bylaws.

SEC. 39. Whenever a person entitled to the receipt of an allowance for infirmity under the present act can make good a legal claim against a third person for damages in consequence of his infirm condition, such compensation must be paid to the insurance institute up to the amount of the allowance due to the insured person in question.

SEC. 40. Allowances can not legally be mortgaged nor transferred to any third person, nor be seized for other claims than those of a wife and legitimate children (as designated in section 749, paragraph 4, of

the code of civil procedure), and those of the parishes or charitable unions entitled to repayment.

B. ORGANIZATION.

SEC. 41. The insurance against old age and infirmity is carried out by means of insurance institutes which shall be established by order of the state governments for the larger communal unions of their territory, or for the whole territory of the federal state.

Also one common insurance institute may be established for several federal states or portions of them together, as well as for several larger communal unions together.

All persons shall be insured in that insurance institute whose district embraces their place of employment. Whenever a person is employed in a business the seat of which lies within the empire, the seat of the business is reckoned as the place of employment.

SEC. 42. The establishment of insurance institutes requires the sanction of the federal council. Whensoever this sanction has not been previously granted by the federal council (for certain districts), they may order insurance institutes to be established (in those districts) after having consulted the state governments concerned.

SEC. 43. The seat of the insurance institute will be determined by the state government.

The federal council will fix the seat of an insurance institute erected for several federal states or districts of states, in case the state governments concerned are unable to come to an agreement on the subject.

SEC. 44. The insurance institute may, in its own name, acquire rights and be subject to liabilities; it may bring a suit before a court of justice, or itself be proceeded against. In case of bankruptcy, the communal union for which the institute is erected, or the federal state for which the institute is erected, are responsible for the liabilities of the institute to its creditors, in so far as its capital fails to meet such liabilities.

If the institute is established for several communal unions, or federal states, or portions of the same, their liability is to be measured in case of the inability of the insurance institute to provide the necessary funds, according to the relative population as established by the last census, of the districts which are concerned with the institute in question.

The property of the insurance institutes may not be applied to any other purposes than those prescribed in the present act. Separate accounts must be kept of their expenditure and their income; their assets are to be kept apart in trust.

The insurance institutes may not undertake other business than that prescribed for them by the present law.

SEC. 45. The expenses incurred by the first establishment of the insurance institute shall be borne either by the communal union or by the federal state for which the institute is established. In the case of common institutes for various districts or states, such expenses must be

apportioned in the absence of an agreement according to the relative position of the same as provided by section 44, paragraph 2.

The subvention thus advanced to the insurance institutes must be repaid out of the first contributions that come in.

SEC. 46. Every insurance institute is administered by a directing board, except in so far as special questions are placed by law or by the bylaws under the control of the committee or some other administrative body.

The directing board must represent the insurance institute both judicially and extrajudicially. This power of representation extends also over such business undertakings or legal proceedings for which, according to law, a special full power is requisite. The relative position of the institute to the board will be determined by the bylaws.

SEC. 47. The directing board of an insurance institute has the qualities of a public authoritative body. Its affairs will be administered by one or more officials of the larger communal union or of the federal state, for which the institute was established. These officials will be appointed according to the laws of the state, either by the communal union or by the state government. The salaries of these officials and the pensions to their relicts must be paid by the insurance institute.

It may be provided in the bylaws of the institute that there shall be other officers belonging to the institute on a par with these officials. Such persons may either be paid or not, according to the bylaws. If salaries are to be granted under the provisions of the bylaws to the members of the institute appointed to fill these posts, the conditions of appointment shall be established by the committee or by the council of supervision.

The manner in which the directing board is to publish its decisions and notify them for the insurance institute must be determined in the bylaws.

SEC. 48. A committee shall be formed for each insurance institute, consisting of at least five representatives each of the employers and of the insured. The number of these representatives will be fixed by the central authorities of the state until the bylaws of the institute have been sanctioned, and afterwards by the provisions of the bylaws.

These representatives shall be elected by the governing boards of the local, factory, builders', guild, colliers', and seamen's, etc., benefit and insurance funds, existing in the district of the insurance institute. In so far as persons included in section 1, do not belong to any such insurance and benefit funds, a share in such elections corresponding to the number of such persons shall be granted to the representatives of the larger communal unions, or to the administrations of the parish sick insurance institutes or other institutions of the same kind, upon decision to that effect by the state government. Since the governing boards of the above mentioned insurance funds and associations

are composed of representatives of employers and of representatives of employed, the members of the governing boards belonging to the class of employers may at the elections only take part in the election of the employers' representatives, whilst those members of the boards who are of the class of the insured may only elect representatives of the insured.

SEC. 49. The election of representatives shall be effected by means of a more detailed elective procedure, to be drawn up by the central state authorities, or by some authority appointed by them thereto, under the presidency of a person appointed by that authority.

A first and second substitute is to be elected for every representative in case of enforced absence from the council or of resignation, to replace him for the remainder of his period of representation.

The election is good for five years. Persons who have resigned can be reëlected.

Disputes as to the validity of elections will be decided by the authority which arranged the procedure of the elections.

SEC. 50. Only such persons can be elected to be representatives as are German subjects, males, of full age, and resident in the district of the insurance institute, as are in the full enjoyment of all civil rights, and are not under legal control in the disposition of their property.

Eligible as representatives of the employers are those employers only who have in their service persons insured under the provisions of this act. Only persons insured under the present act are eligible as representatives of the insured class.

SEC. 51. A council of supervision may be formed, if directed by the bylaws. Such a council must be formed if, according to the bylaws, representatives of the employers and insured do not sit on the directing board. This council must watch over the proceedings of the board, and also fulfil any other duties imposed upon it by the bylaws.

If such a council is formed, its members must satisfy the requisitions of section 50. The numbers of the representatives of the employers and of the insured must be equal.

The council of supervision is empowered to cause the committee to be summoned, should such a step seem necessary to them in the interests of the insurance institute.

Officers (*Vertrauensmänner*) chosen from among the employers and insured are to act as the local administrative instruments of the insurance institute.

Neither members of the council of supervision nor these officers may be members of the directing board.

SEC. 52. Those insured persons (sections 1, 2, 8, and 117) who, as employers, give a not merely temporary occupation to others included within the scope of compulsory insurance, will be reckoned as belonging to the class of employers as far as the formation of the committee, of the council of supervision, and of the court of arbitration is con-

cerned, and also as regards the appointments of officers (*Vertrauensmänner*).

SEC. 53. In cases of equal division in the committee and council of supervision, the president has the casting vote.

SEC. 54. Bylaws must be drawn up for each insurance institute, which are to be determined by the committee.

These bylaws shall settle the following points:

(1) The number of members, the duties and powers, the summoning of the committee, the appointment of their president, and the procedure to be adopted in their deliberations.

(2) The appointment of a council of supervision, if necessary (section 51), the manner of their appointment, the number of members, their powers.

(3) The manner of appointing the officers (section 51), as well as their duties and powers.

(4) Respecting the manner in which the directing board shall publish its conclusions, and should sign on behalf of the insurance institute, as also the case in which other persons shall belong to the directing board to work with the official designated in section 47, paragraph 1, respecting the lines on which the deliberations of the directing board and its relations to the outer world shall be conducted.

(5) Of the relations of the insurance institute to the directing board (section 46).

(6) Of the number of the assessors of the arbitration court.

(7) The rate of salaries to be paid according to the provisions of section 47, paragraph 2, and section 58.

(8) The drawing up and acceptance of the yearly financial statement, unless special rules are passed by the state central authorities regulating this matter.

(9) The publication of the final statement of accounts.

(10) The newspapers in which notices are to be inserted.

(11) The possibility of a future alteration in the bylaws themselves.

SEC. 55. The committee must reserve to itself the following rights:

(1) The election of assessors to the arbitration courts.

(2) The examination of the yearly budget, and the drawing up of memoranda relating thereto.

(3) The right of decision as to the foundation of united insurance institutes (section 65).

(4) The alteration of the bylaws.

(5) In case no supervising council has been created the right of watching over the conduct of affairs by the directing board.

SEC. 56. The bylaws must receive the sanction of the imperial insurance office.

The decisions of the committee relative to the bylaws, together with the protocols of their deliberations, must be handed into the office through the directing board within one week.

Appeal may be made to the federal council from a decision of the insurance office refusing their sanction within a term of four weeks from the communication of such decision to the directing board.

If no appeal be made within that time, or if the sentence of the insurance office be confirmed by the federal council, the insurance office shall direct that deliberations on the bylaws be renewed within four weeks. Should the new bylaws also fail to receive the requisite approval, or should the committee be unable to come to a decision in the matter, the insurance office itself shall draw up the code of bylaws.

In the latter instance the imperial insurance office is to take all the steps necessary for putting the bylaws into execution at the expense of the insurance institute. Alterations in the bylaws require the sanction of the insurance office. Should that sanction be refused appeal may be made to the federal council within four weeks of the communication of this refusal.

After the bylaws have been determined the name, place, and district of the insurance institute and the name of the president of the directing board must be published in the official gazette for the empire and in the paper used by the central authorities of the state for making official announcements. All alterations must likewise be brought to the public notice.

SEC. 57. Until the bylaws have been sanctioned the president of the directing board shall also fill the place of president of committee. He summons the members of the committee. Substitutes shall be summoned in the place of members who are unable to attend and give the president timely notice thereof.

The members of the committee which deliberates upon the bylaws receive compensation for their share in these deliberations, to be fixed by the state central authorities.

SEC. 58. The posts of unsalaried members of the directing board, those of members of the committee and of the council of supervision, and those of officers (*Vertrauensmänner*) and assessors in the arbitration court, are honorary posts, and such officials can only receive repayment at the rates provided for in the bylaws for expenses incurred in the discharge of their duties. The representatives of the insured further receive compensation for the loss of wages.

SEC. 59. The members of the directing board, of the committee of the council of supervision, and the officers are responsible to the insurance institute for the good administration of its affairs, as a guardian is responsible to his ward.

The members of the above bodies who purposely act in a manner detrimental to the interests of the insurance institute will be subject to the penal provisions of section 266 of the criminal code.

SEC. 60. Elections to the post of any honorary office may only be refused by the employers of persons insured under the present law, or

by the managers of such employers, on the same grounds as those upon which the office of guardian may be refused. The discharge of an honorary office under the provisions of the insurance laws is to be considered as upon the same footing as the management of a guardianship.

The reasons for refusal may be otherwise regulated by the bylaws (section 54). Such persons as those above mentioned who reject their elections without sufficient grounds, or who fail to fulfil the obligations of their office without a proper excuse, are liable to a fine not exceeding 1,000 marks ($238), to be imposed by the directing board if no other provisions exist with regard to such cases.

Reëlection may be refused for the space of one elective period (*i. e.*, period during which election holds good, viz., five years).

SEC. 61. For such time as the elections for administrative bodies of insurance institutes have not taken place, or if these bodies refuse to fulfil the obligations imposed upon them by law or by the bylaws, the president of the directing board must undertake these obligations at the expense of the insurance institute, or cause them to be fulfilled by persons empowered to do so.

SEC. 62. The representatives of the insured must inform their employers whenever they are called upon to discharge the duties of their office; if they do not do so, the compensation provided in section 58 may be refused them.

If a workingman representative is unable to carry on his work during the time that he is engaged in discharging the duties of his office, this does not justify the employer in breaking off their business connection before the expiration of the term stated in the contract.

SEC. 63. A commissioner shall be appointed by the government of the state in agreement with the imperial chancellor for the district of every insurance institute for the purpose of protecting the interests of the other institutes and of the state. He is empowered to have a vote in the deliberations of all the administrative bodies of the insurance institute, and to be present at the proceedings of the arbitration courts, to bring forward motions against decisions establishing the incapacity of an individual to work or fixing an allowance (sections 75 and 77), to take the proper legal steps thereupon, and to have the right of perusal of the acts. For this purpose he must be given timely information respecting the affairs under consideration.

The powers of the commissioner are also extended over such insurance and benefit funds included under sections 4 and 5 as are situated within the district.

The federal council is empowered to draw up instructions for the commissioners.

SEC. 64. The above provisions shall be applied also to united insurance institutes with the following restrictions:

(1) The provisions in force in the place where the insurance institute is situated respecting the appointment of officials belonging to the

directing board (section 47), and to the conditions of their service, continue valid. The federal council, however, has to decide with regard to the appointment of officials if the district of an insurance institute extends over more than one federal state, and the governments of the states concerned are unable to come to an agreement.

(2) The federal council shall lay down the provision required by section 48, paragraph 1, respecting the number of representatives, if the district of the insurance institute extends over more than one federal state and the governments concerned are unable to agree.

(3) The election procedure mentioned in section 49, paragraph 1, shall be drawn up by the imperial insurance office for any insurance institute whose district extends over more than one state.

(4) The government of that federal state in which the seat of the insurance institute is situated shall provide for the fulfilment of the prescriptions of section 54, No. 8, respecting the drawing up and acceptance of the yearly financial statement, the regulation of the compensation to be paid to the members of the committee for drawing up the bylaws (section 57, paragraph 2), and the nomination of the state commissioner.

SEC. 65. Several insurance institutes may join together so as to bear in common, either entirely or partially, the burdens imposed by the insurance for old age and infirmity.

SEC. 66. Alterations of the districts of the insurance institutes are admissible whenever they are desired by the committee of one of the insurance institutes concerned, or by the government of a federal state in whose territory the district of the insurance institute is situated and when they are also sanctioned by the federal council.

The federal council must hear the opinions of the committees of all the insurance institutes concerned, and of the governments of those states which are interested in the alteration, before coming to a decision to sanctioning such alteration.

In the case of insurance institutes established for the districts of large communal unions, the representatives of the latter are also empowered to bring forward motions for such alterations. The opinions of the representatives of the communal unions interested must be heard before any alteration in the districts of such insurance institutes are sanctioned.

SEC. 67. If any local districts separate from the district of an institute, the latter shall remain in full possession of the estate collected up to the moment of separation, while it also continues under the obligation of satisfying all just claims which are founded upon the possession of receipt stamps issued by the institute in question.

Should the change lead to a break up of the institute, its estate, with all the rights and obligations incumbent thereupon, unless taken over by another insurance institute, with the approval of the state government, is transferred to the larger communal union or federal state for which the insurance institute in question was erected.

In the case of united insurance institutes, the communal unions or state governments interested must take over their proper share of the estate, together with the rights and obligations incumbent upon it, and this must be effected by decision of the federal council, if the bodies concerned are unable to come to an agreement, or by decision of the state government if only communal unions in one federal state are concerned in the question.

SEC. 68. Disputes which arise between insurance institutes respecting such division of property will be decided, in case they can not come to an agreement, by arbitration of the imperial insurance office.

SEC. 69. The provisions of sections 54 to 56 have a corresponding application to insurance and benefit funds, included in sections 4 and 5, which join together or separate.

C. ARBITRATION COURTS.

SEC. 70. At least one arbitration court must be established for the district of every insurance institute.

The number and the seat of the arbitration courts will be determined by the central authorities of the federal state to which the district of the insurance institute belongs, or, whenever such districts extend beyond the frontiers of a state, by the imperial insurance office in conjunction with the central authorities of the state concerned.

SEC. 71. Each arbitration court consists of one permanent president and of assessors. The number of these assessors must amount to at least two taken from the class of the employers and two from that of the insured.

The president shall be selected from among its public officials by the federal state in which the arbitration court is situated. A vice-president is likewise to be appointed to represent the president in case of absence.

The assessors shall be elected, in the number prescribed by the bylaws, by the committee of the insurance institute in such a way that the representatives of the employers and those of the insured each elect an equal number, to be effected in separate elections for each assessor, and by a simple majority of votes.

The provisions of section 50 hold good as regards eligibility; those of section 60 as regards refusals to accept election.

The election is valid for five years. Persons elected will remain in office after the expiration of this period until their place can be filled by successors.

SEC. 72. The name and address of the president and of the vice-president, as well as those of the assessors, must be publicly announced by the central authorities in the gazette used for such official announcements.

SEC. 73. The president and vice-president and the assessors must be bound by oath to carry out conscientiously the duties of their office.

The president shall fix the compensations to be paid to the assessors (section 58), as well as the rate of necessary expenditure.

The president shall impose a fine not exceeding 500 marks ($119) upon persons who refuse election without sufficient ground for such refusal, or who fail to fulfil the obligations of their office of assessors without sufficient excuse.

If the election does not take place, or if the persons elected refuse to give their services, the lower administrative authorities in whose district the arbitration court lies shall appoint, for such time as this continues to be the case, assessors from amongst the employers and likewise from the insured.

SEC. 74. The president summons the arbitration court and conducts the proceedings of the court. Provisions shall be made in the bylaws regarding the order in which assessors shall be called upon to be present at the proceedings of the court.

The arbitration court is empowered to examine witnesses and experts, even upon oath.

The arbitration court can pass a sentence at a sitting of three members, at which one employer and one insured must be present.

The decisions of the court are taken by a majority of votes.

In general, the procedure of the court will be regulated by imperial decree having the approval of the federal council.

The costs entailed by the court itself, and those necessarily arising out of its proceedings, are to be borne by the insurance institute. The arbitration court, however, is empowered to make the parties to the suits brought before it pay such charges of procedure as are caused by bringing forward cases founded upon groundless evidence.

No compensation may be granted by the insurance institute to the president or vice-president.

D. PROCEDURE.

Sec. 75. Persons who lay claim to an allowance for old age or infirmity must give notice of the same to the proper lower administrative authorities for their place of residence. The receipt card and all other documents serving as vouchers for the validity of their claim must be inclosed and sent in with the above notice. If claim is laid to an allowance for infirmity the lower administrative authorities must take the opinion of the officers (*Vertrauensmänner*) for the place of domicile of the claimant, and must give the managing boards of the sick funds, etc., as noted in section 48, paragraph 2, to which the claimant may belong, an opportunity to express their opinion upon the claim within a stated time. The lower administrative authorities have then to transmit the petition, together with all the information obtained relating thereto, and accounts of the proceedings connected with the case, with their report upon it, to the last insurance institute into which, according to the receipt card, the claimant paid contributions.

The directing board of the insurance institute must then examine the petition, and, unless it is to be rejected without further ado, must call in the previous receipt cards (section 107). Should the documents collected not appear to furnish sufficient evidence upon which to base a decision the directing board shall cause further investigation to be made. The costs of such investigations shall be borne by the insurance institute.

If the claim be held valid the rate of allowance should at once be fixed. Notice in writing must then be given to the person entitled to the receipt of such allowance, by which he may understand the manner of reckoning the allowance. Copy of the notice is to be sent to the state commissioner (section 63).

If the validity of the claim is not recognized it should be rejected by a notice in writing, giving the reasons for such refusal.

SEC. 76. The fact that inability to earn wages has been caused by an accident upon which compensation is granted by the law of insurance against accidents is not a reason for rejecting a claim to infirm allowance. Such a fact would rather assist materially in establishing the validity of the claim, providing the latter were justifiable in other points.

The insurance institutes are authorized to claim compensation from the trades associations concerned for allowances thus paid.

Should the obligation to pay any compensation on account of the accident be disputed the matter must be settled according to the procedure prescribed in sections 62 and 63 of the law of insurance against accidents of July 6, 1884. Otherwise disputes arising out of such claim for compensation will be settled before an ordinary judge.

SEC. 77. Appeal may be made to the decision of the arbitration court against sentences entirely rejecting a claim or fixing the rate of allowance.

The notice of such sentence must also contain a notice of the term within which appeal may be made and of the proper arbitration court to hear the appeal, as well as the name and residence of the president. Such appeal must be sent in to the president of the arbitration court, except under exceptional circumstances, within four weeks after the communication of the notice.

The appeal has no suspending power.

SEC. 78. A notification of the decision of the arbitration court shall be communicated to the appellant and to the directing board of the insurance institute.

SEC. 79. The legal remedy of revision (*a*) is available to both parties against the decision of the arbitration court. The revision has no suspending powers. If a claim to allowance, disputed by the directing board of an insurance institute, be admitted by the arbitration court,

a Reëxamination of case by higher judicial authorities, with a view to passing definitive judgment.

but the rate of allowance is not at the same time decided by the latter, the directing board of the insurance institute must forthwith determine the rate of the allowance, and, even in cases in which recourse has further been taken to revision, must at once grant an (at any rate provisional) allowance. There is no judicial remedy in regard to such provisional allowances.

SEC. 80. The imperial insurance office decides as to the final revision. This mode of appeal must be made to the office within four weeks after the notification of the decision passed by the arbitration court.

Revision can only be carried out on the following bases:

(1) That the disputed decision rests upon a non-application, or upon an erroneous application, of an existing law, or upon a contradiction to the evident sense of the acts.

(2) That the procedure was wanting in many material attributes.

SEC. 81. On making appeal for revision it must be stated wherein this non-application or erroneous application of an existing law, or this evident contradiction to the sense of the acts, or wherein the failure of the procedure is supposed to lie. But the insurance office is not obliged to be bound by the reasons thus stated in justification of the appeal.

Should the statement of such reasons be wanting, or should it appear from examination of the petitions that the disputed decision does not rest upon any of these bases, or should the appeal to revision have been sent in too late, the imperial office may reject the appeal without taking further verbal evidence. Otherwise the imperial office must decide the case after taking verbal evidence. If the disputed sentence is annulled by the imperial insurance office it must at once itself settle the question in dispute, or refer it back to the arbitration court, or to the directing board of the insurance institute. In case of the matter being thus referred back the judicial sentence upon which the insurance office founded their annulment must be made the basis for the fresh decision.

SEC. 82. The provisions of the civil code relative to the reinstitution of a suit find corresponding application in the case of the judicial decision respecting a claim to allowance being disputed, unless some other prescription be established by imperial decree with the approval of the federal council.

SEC. 83. Notifications by which a claim to allowance is rejected must be communicated in writing to the lower administrative authorities for the district in which the claimant resides by the directing board of the insurance institute as soon as they become valid according to law.

SEC. 84. A claim to allowance on the score of infirmity which has been definitely rejected may only be brought forward again before the expiration of a year from the date of the final decision, if it can be credibly proved that circumstances have in the meantime occurred owing to which the claimant has been rendered unable to earn a living for a prolonged period. Unless proof of such conditions can be brought

forward the lower administrative authorities have to reject entirely any claim advanced anew before the proper time.

SEC. 85. The provisions of sections 75 to 84 may be analogously applied with regard to the forfeiture of rent.

SEC. 86. After an allowance has been duly assessed the directing board of the insurance institute must draw up a certificate of title (*Berechtigungsanweis*) for the person entitled to receive such allowance in respect to the annuity he shall receive, designating at the same time the post office charged with the payment of the same (section 91) and the periods of payment, and to inform the lower administrative authorities of the district in which he resides of the rate of allowance to which the person concerned is entitled.

Should the amount of the allowance be altered in the further course of things another certificate of title must be sent to the person entitled to compensation, and information thereof must at the same time be made to the lower administrative authorities of the place of residence.

SEC. 87. As soon as the rate of allowance has been definitively decided a copy of the notification thereof, provided with the certificate of validity, and inclosing the receipt cards, must be sent in by the directing board of the insurance institute to the reckoning department of the imperial insurance office.

SEC. 88. The reckoning department has to carry out all the calculating or statistical work included in the duties of the insurance office, as provided by this present act.

These consist especially in—

(1) The apportioning of allowances.

(2) The collaboration of the statistics upon the working of the present law.

SEC. 89. The reckoning department apportions the allowances to the state and to the insurance institutes interested.

This apportionment is to be effected—after the subsidy to be paid by the state according to section 26 has been subtracted—according to the relative contributions which were paid into the separate insurance institutes for the insured, or which, according to section 28, were payable by the state.

SEC. 90. Notice of this apportionment must be communicated, together with the figures upon which it was based, to the directing boards of the insurance institutes concerned. Each board interested is empowered to raise objections to the apportionment within a fortnight after receipt of such communications. Should no objection be raised within this term the apportionment may be regarded as settled. If objections thereto should be raised within the proper term the question shall be decided by the imperial insurance office after taking the opinions of the directing boards of the institutes concerned. The directing boards must be advised of the decision taken on the matter.

As soon as the proper share of allowance payable by each insurance institute concerned shall have been definitely fixed, the reckoning department must forward a notification of the same to the directing board of the insurance institute responsible for the assessment of allowances.

SEC. 91. The payment of allowances will be made in advance, upon notice being given by the directing board of the insurance institute, as designated under section 90, paragraph 2, through the postal administration, and indeed as a rule, through that particular post office in whose district the person entitled to the receipt of an allowance resided at the time of sending in his petition to be granted an allowance.

The post office is authorized to make payments to holders of certificates of titles.

If a person entitled to an allowance removes from one place to another, the directing board of the institute which had first notified his allowance is obliged, at the request of the individual, to notify his allowance to the post office for his new domicile, so that that office may pay him the same in future.

SEC. 92. The central postal authorities must notify to the reckoning department of the imperial insurance office those payments which have been made in consequence of notifications on the part of insurance institutes. The reckoning department must then apportion these sums paid in advance according to the measure established by section 89 amongst the insurance institutes concerned, and must send the latter notifications of the separate payments chargeable upon them. A notification relative to the sums chargeable to the state must be communicated to the imperial chancellor (imperial home office).

The reckoning department shall inform the central postal authorities, at the end of each financial year, what amount must be refunded by the state and what amount by the separate insurance institutes.

At the end of one year from the date of this law coming into force the central postal authorities are authorized to draw a working fund (*Betriebsfonds*) from every insurance institute. This fund is to be paid quarterly into those *caisses* which shall be designated by the central postal authorities to the insurance institutes, and may not exceed the payments advanced on account for the insurance institutes during the previous year.

SEC. 93. The insurance institutes must refund the advance payments made by the post offices within two weeks after receiving the closing account for the previous financial year.

This repayment must be effected out of the means which the institute has in hand. If there are, however, no means at hand (of meeting these payments), and if they are not forthcoming from the reserve fund, the necessary sums must be advanced by the authorities of the larger communal union or of the federal state. In the case of united insurance institutes this loan must be collected according to the *condition established* in section 44, paragraph 2.

Compulsory measures shall be taken by the imperial insurance office at the request of the central postal authorities against such insurance institutes as remain in arrears with regard to the refunding of these sums.

SEC. 94. The provisions of sections 79 to 82, and 86 to 93, may be applied to the insurance and benefit funds included under sections 5 and 7. In apportioning the allowances chargeable to the latter, which are fixed by insurance institutes, the same rate of contributions shall be reckoned as that which is reckoned according to section 27 for the admeasurement of allowances to persons entitled to receive such, for the period of time during which they were insured at an insurance or benefit fund. The apportionment of allowances which are fixed by an insurance fund shall be effected whenever a right to the receipt of such allowances would exist under the provisions of this law, and so far as they would not exceed the standard provided by law, according to the relative amount of contributions which have been paid into the *caisses* of the insurance institutes and into those of the insurance or benefit funds—the latter in so far as they are considered as requisite for the grant of allowance at the rate fixed by the present law.

Whensoever such insurance funds themselves pay the allowances which they have fixed without the intervention of the post office, the state subsidy will be handed over to them directly upon the settlement of their accounts at the end of each financial year. The insurance institutes upon which portions of the allowances paid by such insurance and benefit funds are chargeable must refund their share of the same to the directing boards of the funds interested through the reckoning department of the insurance office.

SEC. 95. Claims brought forward for the repayment of contributions (sections 30 and 31) must be made valid by laying the vouchers requisite to prove their validity before the directing board of the insurance institute into which contributions were last paid.

The provisions of section 75, paragraphs 2 to 4, 77 to 82, 87, 89 to 93, may be applied with regard to the procedure to be adopted in such cases, with the proviso that the commissioner of state does not lend his coöperation, and appeal and revision have suspending power.

SEC. 96. For the first contributory period (ten years) weekly contributions are to be levied by each insurance institute (except other provisions be established according to section 98) at the following rates:

For wage class 1, 14 pfennigs ($0.03332)
For wage class 2, 20 pfennigs ($0.04760)
For wage class 3, 24 pfennigs ($0.05712)
For wage class 4, 30 pfennigs ($0.07140)

SEC. 97. As regards later contributory periods, the committee of each institute must decide upon the rate of the contribution as prescribed in sections 20, 21, and 24. At the same time deficits or surpluses which result from previous collections of contributions and can be accounted

for must be treated in such a way as to bring about an exact balance of the accounts when the new contributions are levied.

The decision of the committee requires the sanction of the imperial insurance office. If in any case the contributory period should have been allowed to run on without such a decision which has been sanctioned by the insurance office being ready to come into force, the insurance office itself must determine the contributions to be collected from the persons insured at the insurance institute concerned according to the provisions of section 24.

The rate of contributions, as well as the date at which they are to commence being collected, must be published in those newspapers in which the announcements of the insurance institute have to be made. This announcement must be made at least two months before the date on which the contributions are to be levied at the established rate.

SEC. 98. The insurance institute is authorized to fix other rates of contribution in the place of those fixed by section 96, even for the first contributory period, or before the same has expired, while observing the provisions of sections 20, 21, and 24. Decisions to this effect require the sanction of the imperial insurance office. In other respects the provisions of section 97, paragraph 1, find corresponding application as regards such decisions.

SEC. 99. For the purpose of levying the contributions, stamps bearing the mark of their respective value will be issued by each insurance institute for the separate wage classes existing within their districts. The imperial insurance office shall determine the distinguishing marks of the stamps as well as the duration of their validity. Within two years after the expiration of the period of validity, stamps which have lost their validity may be exchanged for valid ones at the places appointed for the sale of such stamps.

The stamps of an insurance institute are obtainable at all the post offices situated within its district, and at other places appointed by the institute for the sale of stamps, upon payment of the amount of their nominal value.

SEC. 100. The payment of the contributions of employer and insured shall be affected by that employer in whose service the insured has been during the previous calendar week.

If the insured has not been employed throughout an entire calendar week in the service of the same employer, that employer who first employed him must discharge the payment of the contributions.

Whensoever the actual number of working days can not be determined the contribution must be paid for so long a period of work as is considered to correspond approximately to the work done. In case of dispute the lower administrative authorities decide the question definitely upon petition from either of the parties concerned. The insurance institute is authorized to draw up special provisions dealing with contributions of this nature. Such provisions must be sanctioned by the imperial insurance office.

SEC. 101. The payment of contributions is effected by pasting stamps of a corresponding value on to the receipt card of the insured. Should the insured not be provided with such a card, the employer is authorized to procure one at the expense of the insured, and to keep back the sum thus expended from his next wages.

On the receipt card shall be printed the date of the year and of the day on which it was issued, and the provisions relative to its general use (section 108) and the penal provisions of section 151. The federal council shall determine other regulations with regard to it.

The insurance institute of the district in which the card is circulated bears the expenses connected therewith whenever they are not to be procured at the expense of the insured (paragraph 1).

SEC. 102. There must be room on each receipt card for stamps for forty-seven contributory weeks. The cards must be numbered in regular succession for each insured person. The first card issued for an insured person must be marked at the top with the name of the insurance institute in whose district he was at that time employed, and each succeeding card must be marked with the name of the institute whose name is borne by the card immediately preceding. If the name given on a later card does not agree with that upon the first card, the name contained on the first card shall be taken as the correct one.

The insured is authorized to claim that a new card be made out for him at any time at his own expense upon his returning the old one.

SEC. 103. The issue and exchange of receipt cards is effected by means of offices appointed therefor by the central state authorities.

The offices having this authorization must reckon the stamps pasted upon the receipt cards returned by the insured in such a manner that it shall appear therefrom how many contributory weeks for every separate wage class are to be placed to the credit of the holders of the cards. The duration of certified illnesses and of military services must also be entered on the card. A certificate is to be given to the holder of the card showing the total resulting from these calculations.

SEC. 104. A receipt card loses its validity if it has not been exchanged for a new one before the end of the third year after the year entered on the top of the receipt card. If there is any ground for supposing that the insured has omitted to effect the change within the proper time through no fault of his own, the insurance institute of the place of employment may, upon petition from him, recognize the continued validity of his receipt card.

SEC. 105. Receipt cards which have been lost, have become unserviceable, or have been destroyed must be replaced by new ones. Such contributions as can be proved to have been paid up to the loss of the card must be carried over to the new card, with a proper certification to that effect.

SEC. 106. The insured is empowered to raise a protest against the sum thus carried over within two weeks after the certificate (section

103) or the new receipt card (section 105) has been given to him. In case of the protest being rejected, appeal may be made within a limited period to the insurance officials immediately presiding over the district. The latter decide finally in these as in other questions touching procedure.

SEC. 107. Receipt cards to be given up must be sent in to the insurance institute of the district and transmitted by the latter to that insurance institute whose name is inscribed upon them.

The federal council shall draw up provisions regulating the annulment of receipt cards.

SEC. 108. The entry in or upon the receipt cards of any observation upon the conduct or work of the insured person, as well as any additions or remarks not prescribed by the present law, are not admissible. Receipt cards on which such additional remarks or entries are found shall be kept by the authorities to whom they are sent in. The latter shall cause the card to be replaced by a new card, on which the proper contents of the former one is carried over, according to the provision of section 105.

An employer or any third person is prohibited from withholding the receipt card, after the stamps have been pasted upon it, from the proper holder of the card against his will. This provision does not apply to the keeping back of cards on the part of competent authorities with the object either of exchanging, controlling, and rectifying them, or of reckoning up and carrying over sums from one card to another.

Receipt cards which are kept back in contradiction to the terms of this clause are to be taken away from the offender by the local police authorities and handed over to the persons entitled to hold them. The offender is liable to the latter for all damages which may have been occasioned to him through such action.

SEC. 109. The employer shall paste upon the receipt card, on the day on which wages are paid, stamps to the amount to be reckoned as prescribed in section 100, and of the kind which is issued by the insurance institute of the place of employment for that wage class which is specified for the insured person (section 22), or, in case contributions are to be separately assessed for the different branches of the trade (section 24), for the special branch of trade in question. The employer must purchase the stamps at his own expense.

The stamps must be pasted on to the receipt cards in regular sequence. The federal council is empowered to issue provisions relative to the nullification of stamps, and to make non-adherence thereto a punishable offence.

Employers are authorized, when paying the wages due to the persons in their employ, to deduct therefrom one-half of the contribution. Such deductions may only be extended at the most to contributions to be paid for the two previous wage paying periods.

SEC. 110. The levying of contributions in the case of those persons

over whom obligatory insurance is extended by section 2 will be regulated by decision of the federal council.

SEC. 111. It may be determined either by decision of the federal council, or for the district under a particular insurance institute by the by-laws of the same, that in the case of insured persons who are not in regular employment with any specified employer, or for separate classes of such persons, that they shall be authorized to make previous payments of their insurance contributions, instead of the employer doing so for them.

The insured who has paid a week's contribution in full according to this provision has a right to claim repayment of the other half of the prescribed contribution from that employer who, according to section 100, is bound to see to the payment of the contributions being properly discharged.

SEC. 112. The following exceptions to the provisions laid down in section 109, paragraph 1, may be instituted either by the central state authorities, or, with their approval, by the bylaws of an insurance institute, or by the statutory ordinance of one of the larger communal unions, under the sanction of the higher administrative authorities:

(1) That the contributions of persons who are members of a sick fund (section 135) shall be collected from the employers, through the instrumentality of the sick fund, upon account for the insurance institute; and the stamps corresponding to the contributions collected shall be pasted into the receipt card of the insured and nullified (*entwerthet*).

(2) That the contributions for persons who are members of a sick fund (section 135) may be collected in the same manner by the parish authorities or others appointed by the central state authorities, or else by local collecting offices instituted by the insurance institute. In such cases provisions can be drawn up relative to the obligation of insured persons to give notice of quitting or joining, and non-adherence to the same may be made an offence punishable by a fine not exceeding 100 marks ($23.80).

Whenever the collection of contributions is regulated in this way, the employers are authorized to deduct one-half of the contributions due for the two preceding wage periods from the wages of the insured persons in their employ.

The insurance institutes are obliged to supply the sick funds or other offices charged with the duty of collecting contributions with the requisite stamps, upon settlement of the costs of the same, and to grant them a compensation, to be fixed by the central state authorities for undertaking this task.

SEC. 113. Whenever such an ordinance as that prescribed in section 112, paragraph 1, has been issued, provisions in the same sense may also be passed to the effect that—

(1) The issue and exchange of receipt cards may be effected by the offices charged with the duty of collecting contributions under section 112, paragraph 1.

(2) For insured persons whose term of employment is limited by the nature thereof, or by the labor contract to a period less than one week, the half of the contributions payable by the insured shall be collected directly from them, while that half payable by the employer shall be paid firstly, either by the larger communal union or by the parish, and later, collected from the employers concerned by them.

SEC. 114. The measures provided by section 112, paragraph 1, No. 1, and section 113, can also be applied in the case of members of a sick fund (section 135) by clauses to that effect being put into the bylaws of the fund; and in the case of such insured as are members of a sick fund established for persons in the service of the empire or of a federal state, at the order of the officials presiding over the administration of the services in question.

SEC. 115. The insured is authorized to leave his receipt card in the keeping of any office charged with the duty of collecting contributions, so long as he remains insured in the district of such office.

SEC. 116. If any fractions of pfennigs appear in the settlement of accounts between employers and insured, the share due from the employers shall be rounded off to 5 pfennigs ($1\frac{1}{100}$ cents) above the fraction, that of the insured to 5 pfennigs ($1\frac{1}{100}$ cents) below.

SEC. 117. Persons who are no longer in a position entailing obligatory insurance are authorized to continue their insurance voluntarily, or to renew the same by paying the contributions assessed to wage class in the stamps of that insurance institute in whose district they reside, and at the same time to add one extra stamp (*Zusatzmarke*) for every week of voluntary contributions.

More than fifty-two contributory weeks may, however, never be reckoned in one calendar year.

In regard to the waiting time for allowance for infirmity, contributions voluntarily paid with a view to continuing or renewing the state of insurance can only then be taken into account when contributions for at least one hundred and seventeen contributory weeks have been paid for the insured while under the obligation of insurance, or by virtue of the provisions of section 8.

The stamps which have been used as directed by paragraph 1 must be nullified. Such nullification is to be effected by the offices to be appointed by the central authorities, and may only be put into force when the corresponding sum in extra stamps has been duly affixed.

SEC. 118. Persons carrying on an independent business, who do not regularly employ more than one paid workman, are relieved of the obligation of affixing extra stamps in case of their continuing or renewing their insurance if, while under compulsory insurance, contributions have been paid for them for the space of at least five contributory years.

SEC. 119. If the connection as regards matters of employment or service existing between an insured person and his employer be inter-

rupted in such a way that the former temporarily ceases to come under the compulsory insurance, he may yet voluntarily continue to be insured, for a space of time not exceeding four months, even without affixing extra stamps (to his card), if he, the insured, or his employer, continue to pay contributions as before.

SEC. 120. Persons insuring themselves according to the provisions of section 8 are obliged to produce an extra stamp for every week of voluntary contributions, over and above the full contribution payable, in ordinary stamps of the insurance institute in whose district their place of employment is situated.

SEC. 121. The extra stamps will be made at the expense of the empire. They must be marked with their money value, and be different in color and design from those of the insurance institute. The imperial insurance office will determine their distinctive characteristics.

Extra stamps will be purchasable at all post offices on production of money to the amount of their assigned value.

Until further decision be taken by the federal council, the assigned value of each extra stamp will be 8 pfennigs ($1\frac{924}{1000}$ cents), payable per contributory week.

SEC. 122. Disputes arising between the administrative organs of the insurance institutes on the one side, and employers or employed on the other, or between employers and employed, relating to questions such as to which of the institutes contributions should be paid, in what wage class, or for which branch of business, whenever contributions are assessed by different business branches, they are to be levied, such disputes shall be decided by the lower administrative authorities for the place of employment (section 41). The parties concerned may appeal against their decision to the higher administrative authorities, whose decision is final.

SEC. 123. The provisions of section 122 shall also be applied in cases of disputes arising between the administrative organs of different insurance institutes, relating to the question as to which of them shall receive the contributions of particular individuals.

SEC. 124. In other respects all disputes between employers and persons in their employ relating to the assessment and reckoning of contributions to be paid for, or, in the case of section 111, to be repaid to the latter, will be finally decided by the lower administrative authorities.

SEC. 125. After such disputes have been finally settled, the lower administrative authorities must see to it that any sum which may be wanting shall be made up by means of additional stamps. Sums collected over the proper amount may be reobtained from the insurance institute upon petition, and should be paid back to the employers and insured concerned after the stamps corresponding to the sum in question have been nullified on the receipt card, and the accounts have been rectified.

If a question arises respecting stamps used, which were issued from a wrong institute, an amount in stamps issued by a competent institute, and corresponding to the number of contributory weeks (notified on the card) must be affixed after the stamps which were wrongly used have been cancelled. The value of the cancelled stamps should be reclaimed from the institute which issued them, and then duly divided between the employer and insured concerned.

In the place of cancelling stamps, a system of collecting the receipt cards and of issuing new ones, after having carried over to the latter the valid entries on the old ones, may be put into practice in such cases as appear fitting in the opinion of the lower administrative authorities.

SEC. 126. The insurance institutes are authorized to draw up ordinances with a view to control, subject to the sanction of the imperial insurance office. They are further empowered to bind the employers to a due fulfilment thereof under pain of a fine not exceeding 100 marks ($23.80) for each offence. The imperial insurance office may command such ordinances to be drawn up and issued, and may issue them itself if this order is not obeyed.

The employers are bound to give information, if requested to do so, to the organs of the insurance institutes, or to the authorities or officials occupied on the control, regarding the number of persons in their employ, and the duration of their employment; and to lay before them for inspection, during business hours and on the spot, the account books and lists in which the above facts appear.

The insured are likewise bound to give the requisite information relative to the place and duration of their employment.

The employers and insured are further required, if desired to do so, to hand over, upon receipt of a proper certificate to the above mentioned administrative bodies, authorities, and officials, the receipt cards, with a view to assisting the exercise of control, and the rectification of accounts where such are necessary. They may be bound to do so by the lower administrative authorities under pain of a fine not exceeding 300 marks ($71.40) for each offence.

SEC. 127. Rectifications of receipt cards shall be effected, whenever the parties concerned are agreed thereupon, on the system prescribed in section 125, by the administrative organs, authorities, and officials charged with the control, or by the organs employed for the collection of contributions; otherwise, after the dispute has been settled, they shall be effected according to the provisions of sections 122 to 124.

SEC. 128. Such expenses as arise for the insurance institutes in connection with the control must be reckoned as costs of administration. Whensoever such costs consist of cash payments (*baaren Auslagen*) the directing board of the institute may impose them upon an employer, if he is the cause of them through non-fulfilment of his legal obligations.

Appeal may be made against such imposition of costs to the lower administrative authorities, whose decision is final, within two weeks after the decision of the directing board has been communicated.

The levying of costs thus imposed shall be effected in the same manner as that of the parish rates.

SEC. 129. Moneys at the disposal of the insurance institutes may be put out to interest according to the provisions of section 76 of the law for insurance against accidents.

At the request of an institute, the communal union, or the central authorities of the federal state for which the institute is established, may sanction, with the power of revoking their sanction, the investment of a portion of the estate of the institute in other stocks or lands which pay interest. In the case of joint insurance institutes which can not come to an agreement on such a subject, the central authorities, or, in the event of several federal states being engaged, the federal council, decide upon such requests; more than a quarter of the estate, however, belonging to one institute may not be invested in this way.

Bonds and mortgages, etc., shall be placed, upon fuller provisions on the subject being drawn up by the central authorities of that federal state in whose territory the institute concerned is situated, in the hands of some public authority or office empowered to keep moneys or papers of value.

SEC. 130. The insurance institutes are bound to hand into the imperial insurance office reports as to the condition of their affairs and accounts in a manner fully prescribed, and within the term laid down by the imperial insurance office.

The financial year is the same as the calendar year.

E. SUPERVISION.

SEC. 131. The insurance institutes are subject, for the proper practice of this law, to the supervision of the imperial insurance office. The latter's right of supervision extends to the observation of the bylaws.

All decisions taken by the imperial insurance office are final, unless otherwise stated in the present act.

The insurance office is empowered to institute at any moment an examination into the affairs of the insurance institutes. The members of the directing board and other bodies are bound upon demand to lay before the insurance office their books, papers, bonds, etc. The imperial insurance office can oblige them to fulfil the provisions laid down in the present act and in the bylaws, under pain of a fine not exceeding 1,000 marks ($238).

SEC. 132. The imperial insurance office, saving cases in which some third person has rights, decides disputes which deal with the rights and obligations of the administrative bodies of the insurance institutes or of their members, with the interpretation of the bylaws, and the validity of elections whenever the latter can not be decided according to section 49, paragraph 4.

This provision does not apply to the conditions of service for officials appointed *under section 47*, paragraph 1.

SEC. 133. The decisions of the imperial insurance office must be passed by a board consisting of at least two permanent and two non-permanent members (of the office), among whom there must be a representative of the employers, and one also of the insured; also at least one judicial official must lend his coöperation when the question under consideration treats of—

(1) A sentence passed upon revision and opposed to the decision of the arbitration court.

(2) A sentence relating to disputes as to rights of property consequent upon alterations in the condition of an insurance institute.

Persons who were elected under the insurance against accidents act as non-permanent members of the imperial insurance office to represent the class of persons having an independent business; and the class of workmen are available as representatives of the employers and insured for the purposes of this law also, without limitations as to the nature of their special branch of industry.

In other respects, forms for the system and conduct of affairs in the imperial insurance office will be regulated by imperial decree having the approval of the federal council.

SEC. 134. Wherever a state insurance office has been established for the territory of a federal state (section 92 of the law for insurance against accidents, section 100 of the law of May 5, 1886), such insurance institutes as do not extend their sphere of action beyond the territory of this federal state are subject to the supervision of the state insurance office. Sections 131 to 133 have a corresponding application to state insurance offices.

In the case of insurance institutes subject to a state insurance office, the powers granted in sections 21, 56, 68, 93, 97, 98, 100, 126, and 145 to the imperial office devolve upon the state insurance office.

The state government will regulate the forms of procedure and of the conduct of business for the state insurance office.

F. PAINS AND PENALTIES.

SEC. 135. All local, industrial, builders', guild, and colliers' sick funds, as well as parish insurance against sickness, and any state institutions of a like nature, are considered as sick funds for the purposes of the present act.

SEC. 136. Seamen (section 1, paragraph 1, No. 1, of the law of July 13, 1887) shall be insured in that insurance institute in the district of which the home harbor of their ship is situated.

Provisions differing from those previously laid down by the present law may be drawn up by the federal council, relative to the contributions to be paid for seamen by their shipowners.

The term allowed for having recourse to legal remedies is extended to three months for sailors engaged in service beyond Europe. This

term may be still further extended by those authorities against whose decision an appeal is made.

For seamen, the seamen's office takes the place of the lower administrative authorities, *i. e.*, at home, the seamen's office of the home harbor; abroad, that seamen's office which is first reached.

SEC. 137. Arrears, as well as fines, due to the insurance institutes, are to be collected in the same way as parish rates. Arrears have the same privileges as those granted by section 54, No. 1, of the ordinance relative to bankruptcy of February 10, 1877, and expire after the lapse of four years from the date of their origin.

SEC. 138. The central authorities of the federal states shall determine what unions are to be considered as larger communal unions, and also by what state or parish authorities, or bodies, the duties assigned by the present law to the state or parish authorities, or to representative bodies of larger communal unions, are to be discharged.

All provisions drawn up by the central authorities of the federal states, in accordance with the prescriptions of the present law, must be published in the official gazette.

SEC. 139. Notifications which deal with special terms of time may be sent through the post by means of registered letters.

Persons living without the empire may be required by the authorities—who have to send notifications of this nature—to appoint a person with full powers to receive them. If no such person be appointed within the term mentioned, or if the place of residence of such person is unknown, the notification can be effected by public display of the document in question, for the space of one week, at the offices of the notifying authorities, or of the administrative bodies of the insurance institute.

SEC. 140. All deeds and acts which are of the arbitration courts and extrajudicial, and are required for the purpose of establishing or clearing up the relative legal status of the insurance institutes on the one side, with respect to employers or insured on the other, are free of fees and stamp dues. The same holds good with regard to the drawing up of the private powers of attorney, and official certifications requisite under the present law for legalizing or making out notifications.

SEC. 141. Public authorities are obliged to meet the demands made upon them in the exercise of the present law by the imperial insurance office, the state insurance offices, etc., and even to cause such communications as may be of importance in carrying out the business of the insurance institutes to be made to their directing boards. The administrative bodies of the insurance institutes shall be bound by the same engagement as regards each other, as well as regards the administrative organs of the trades' associations and sick funds.

The expenses incurred by the insurance institutes in the fulfilment of these obligations are to be reckoned by them as their own costs of

administration, in so far as they consist of maintenance or journey money for officials, or for organs of the insurance institutions, trade associations, and sick funds, or also of compensation money for witnesses or experts, or payments in cash of a similar nature.

These provisions hold good also with regard to the special insurance institutes included within sections 5 and 7, whenever, by virtue of their admittance within the scope of this law, such obligations would devolve upon them.

SEC. 142. Employers who object to giving the proper notices or communications as prescribed by the present law or by the bylaws promulgated by the insurance institutes, although they are aware of the groundlessness of such objections, or could not fail to be so if they had given the question proper consideration, may be punished by the directing board of the insurance institute with a fine not exceeding 500 marks ($119).

SEC. 143. Employers who omit to use the proper amount of insurance stamps for persons compulsorily insured in their employment, or to do so in due time and in the manner directed (section 109), are punishable by a fine not exceeding 300 marks ($71.40), by order of the directing board of the institute. It is no case for punishment if the stamps have been duly affixed by another employer or person engaged in independent business (section 144), or, as in the case provided for in section 111, by the insured himself.

SEC. 144. The employer is empowered to relegate the duty of communicating the notices, etc., requisite under the provisions either of this act or of the bylaws, as well as that of duly affixing insurance stamps (to the receipt cards), to the manager of his business by giving him a power of attorney to that effect. The name and residence of agents to whom a full power has thus been accorded must be communicated to the directing board of the insurance institute. If such a person commits an offence of the kind made punishable under sections 142 or 143, he shall be punished as directed in these clauses.

SEC. 145. Appeal may be made to the imperial insurance office within two weeks after notice has been given of the punishment inflicted, under the present act or the bylaws of the institutes, by their administrative organs, or by the president of the arbitration court.

The fines imposed by the above mentioned bodies, or by the administrative authorities, shall be paid into the *caisse* of the insurance institutes, excepting in cases for which other provisions are laid down by the present law.

SEC. 146. Persons who omit, in case of self insurance or voluntary insurance (*a*) (sections 8 and 117), to employ the proper extra stamps,

a By these two terms is meant, first, insurance by persons who are not and have never been under the compulsion of the present law; second (voluntary insurances), continuation of insurance by persons who did come under the compulsion of the present law, but who, owing to a change in their condition, do so no longer.

shall be punishable by a fine not exceeding 150 marks ($35.70), to be inflicted by the lower administrative authorities in their place of employment, except when heavier fines could be inflicted under other laws.

SEC. 147. Employers and their agents are forbidden to paralyze the effect of the present law entirely or partially to the disadvantage of the insured, either by a mutual agreeement or by the issuing of working orders having that object in view, or to restrict workmen in undertaking or exercising the functions of any of the honorary posts to be filled by members of their class, according to the present law. Any contract, the conditions of which are in contradiction to this prohibition, is invalid.

Employers or their agents who have concluded such contracts are punishable with a fine not exceeding 300 marks ($71.40), or with arrest (*Haft*), except when severer punishments would be inflicted by other laws.

SEC. 148. The same punishment (section 147) shall be inflicted on—

(1) Employers who, on paying the persons under the compulsion of insurance in their employment, intentionally reckon the share of the contributions paid for the insured for the two previous wage periods, or payable for the same, at a higher rate than is justly due (section 109, paragraph 3, and section 112, paragraph 2).

(2) Agents or employers who intentionally make an unjust deduction from the wages of the insured as described above.

(3) Persons who illegally withhold a receipt card from the proper holder of the same.

The penal clauses provided under Nos. 1 and 2 can not be applied to the case of section 119.

SEC. 149. Employers who knowingly make use of other than the prescribed stamps, and their agents or insured persons committing the same offence in the knowledge thereof, are punishable by a fine varying from 20 to 1,000 marks ($4.76 to $238), or with imprisonment (*Gefängniss*), unless severer punishments could be inflicted under other laws. If extenuating circumstances can be proved the punishment may be reduced to a fine of 3 marks (71 cents) or one day's arrest (*Haft*) only.

SEC. 150. The penal clauses of sections 142, 143, and 147 to 149 may also be applied to the legal representatives of such workmen as are incompetent to manage their affairs themselves, and to the members of the directing board of a company, guild, or trade association, and to the sequestrators of such company, etc.

SEC. 151. Whoever makes entries or remarks upon the receipt cards, as prohibited by section 108, is punishable by a fine not exceeding 2,000 marks ($476), or by imprisonment for six months.

SEC. 152. The members of the directing boards and of the other administrative bodies of the insurance institutes, and also officials engaged in exercising supervision over them, who publish the secrets of

their office, without authority, which have come to their knowledge i the exercise of their office, are punishable with a fine not exceedin 1,500 marks ($357), or with imprisonment not exceeding three month

Legal measures against them can only be taken upon petition of tl parties concerned.

SEC. 153. The persons designated in section 152 are punishable wit imprisonment, as well as with the loss of civil rights, if they make publi with a view to damaging the owner of a business, such business secre as they may have learned in the exercise of their office, or if they cop secret business systems or methods which have come to their know edge in the exercise of their office.

SEC. 154. Any person preparing forged stamps with the intent using them as real ones, or falsifying real stamps in the intent of pas ing them off at a higher value, or intentionally making use of su forged or falsified stamps, is punishable with imprisonment for not le than three months, as well as with the loss of all civil rights.

The same punishment shall be inflicted on persons who make use stamps which they know to have been already affixed to receipt cards who dispose of or offer for sale stamps from which the mark placed them to show that they have been nullified has been entirely or p tially removed. If extenuating circumstances can be proved, the p ishment may be reduced to a fine not exceeding 300 marks ($71.40) arrest.

The stamps themselves must forthwith be confiscated without c sideration as to whether they belong to the person convicted of offence or not. The confiscation shall be effected even if no judi action or conviction takes place.

SEC. 155. Any person is punishable with a fine not exceeding marks ($35.70), or with arrest, who, without authorization in writ from an insurance institute or other competent authority—

(1) Prepares stamps, seals, dies, plates, or other forms which m serve for the manufacture of stamps, or delivers such articles to anot than the insurance institute or the proper authorities.

(2) Who undertakes to print off copies of such stamps, seals, di etc., as designated in No. 1, or transmits such copies to another ot than an insurance institute or a competent authority.

Together with the fine or arrest, the confiscation of all the stam seals, dies, etc., shall be carried out without consideration as to whet they belong to the convicted person or not.

SEC. 156. The period of waiting before receiving an allowance infirmity (section 16, No. 1), in the case of insured persons who bec unfit to work in the course of the first five years subsequent to coming into force of the present law, and for whom the legal contri tions under compulsory insurance have been paid for the space of contributory year, may be reduced by that number of weeks du *which they* can be proved to have been in some employment or ser

which, according to the present law, entails compulsory insurance before the coming into force of this law, but within the five years previous to their becoming incapable to work.

This provision has no application in the case of persons coming under section 8.

The first wage class will be taken as the basis for reckoning the average rate of wages (section 9, paragraph 3) for that time by which the period of waiting is shortened.

The provision laid down in section 117, paragraph 3, is not applicable to contributions paid voluntarily during the first four years after the coming into force of the present law.

SEC. 157. The period of waiting before receiving an old age allowance in the case of insured persons who, at the coming into force of this law, have completed their fortieth year, and can prove that they have been actually in some employment or service entailing compulsory insurance under this act during the three years immediately preceding the coming into force of this act for the space of at least one hundred and forty-one weeks, may be shortened—saving the provisions of section 32—by so many contributory years as their years of life at the time when this law comes into force exceed the number of forty.

SEC. 158. An illness coming under the provision of section 17, paragraph 2, or military service, will also be reckoned in such cases as those provided for in sections 156 and 157 as an employment or service. The same holds good with regard to such an interruption in the condition of employment or service as that considered in section 119, provided that such interruption does not exceed the space of four months in one calendar year.

SEC. 159. On admeasurement of the old age allowances to be granted under section 157, in so far as concerns allowances to be granted within the first ten years after the coming into force of this act, for the time before this act came into force, the basis of calculation will be taken from the increasing rates of that wage class which most nearly corresponds to the average yearly earnings of the insured during the one hundred and forty-one weeks mentioned in section 157; but, at the least, the rates assigned to the first wage class will be reckoned for his benefit. On the other hand, for the time after the coming into force of this law the increasing rates (section 26, paragraph 2) corresponding to the contributions actually paid will be reckoned. For the allowances which fall due after these first ten years have elapsed those insurance rates will be made the basis of calculation for the period before, as well as after, the coming into force of the present law, which correspond to the contributions actually paid after the act came into force; and, further, if the contributions have been paid in different wage classes relatively to the number of contributions paid in each separate wage class.

SEC. 160. In apportioning the allowances for old age and infirmity sanctioned during the first five years after this act has come into force,

the reckoning department (of the imperial insurance office) shall impose the payment of the same upon those insurance institutes in whose districts the insured can be proved to have been in some employment or service entailing compulsory insurance during the fifteen years immediately preceding the coming into force of the present law in such a manner as if the contributions of the first wage class had been continually paid for the insured during the time in question.

Every insurance institute upon whom the payment of a portion of such an allowance is imposed is authorized, after receiving a notification thereof, as required under section 90, paragraph 1, within the term of two weeks prescribed by the same clause, to reserve the right of drawing up a notice to the effect that the individual entitled to the pension was in an employment or service, as considered in paragraph 1, in the district of another insurance institute. This notice must be laid before the authorities within three months after the expiration of the above mentioned term—barring exceptional circumstances.

Before imposing the payment of allowances the opinions of the institutes who are to discharge the same, in accordance with the conditions of employment or service of the insured, must be heard.

If they raise objections the question shall be decided by the imperial insurance office.

SEC. 161. The notifications mentioned in sections 157 and 160 must be drawn up under certification from the lower administrative authorities of the places of employment in question, or with a certificate from the employers legalized by some public authority.

SEC. 162. The provisions of this law regarding the establishment of the institutions requisite for the fulfilment of the insurance against old age and infirmity come into force on the day on which the present law is published.

In other respects the date on which the law shall come into force, partially or entirely, will be determined by imperial ordinance, with the approval of the federal council.

The provisions of section 99, paragraph 2, and of section 121, paragraph 2, come into force in the kingdoms of Bavaria and Würtemberg with the consent of those federal states.

CHAPTER V.

ATTITUDE OF PUBLIC OPINION TOWARD STATE INSURANCE.

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No general answer can be given to this question: "What do the people think of the state insurance?" as multitudes of people speak cordially of the sick law, while they are indifferent or hostile to the old age and invalidity law. It may be said rather broadly that the first law is in wide favor, the second in favor, but with somewhat less unanimity, while the third has a large and influential part of the population against it. It is usual to distinguish between the principle of this legislation and the practical application. One is told in all parts of Germany: "The principle is excellent, but the application full of difficulties." The sick law is, however, generally accepted as final, both in principle and practice. Such changes as are likely to occur will be toward a more thorough centralization in order to secure simplicity and efficiency, as well as greater cheapness. Almost every change that is suggested lies in this direction. This tendency is, indeed, so strong that many of the lines now drawn between the three laws are likely to be erased altogether. It is not only the ideal of the socialists to bring about such centralized control, but many of those who are in high administrative positions also advocate such changes. Dr. Bruno Schönlank urges that imperial institutions instead of state institutions or trade associations will alone subserve the cause of the insured. He asks, too, for general compulsion instead of compulsion by local statutes. Dr. Quark, of the Frankfort Gazette, complains of the useless and clumsy machinery which the great variety of associations have to maintain.

The annual report of the chamber of commerce in Stuttgart contains a proposition for the centralizing of the three laws, chiefly on account of the cost of administration. Dr. Freund would have all laborers in certain districts form one local association, and "to these associations the whole body of the insured are to pass." It appears to be believed by these advocates of centralization that the change can take place without any real loss to the "local control and initiative," which it has ever been the purpose of the government to preserve. The opponents of the movement see no way in which such extreme simplicity in the control could be brought about without great peril to the local centres.

This entire discussion as to centralization of the institutions indicates the most general feeling of criticism against the laws as a whole. The staunchest friends admit that the sheer mass of detail is a burden which must in some way be lightened.

As regards the accident law, while it is generally believed to offer great advantages over the employers' liability act of 1871, more criticism is heard against it than against the sick law. The principle involved in the law is almost universally accepted as sound and just. The fact, however, that a new and elaborate machinery had to be called into existence, upon which (the employers' associations) heavy burdens were thrown, has perhaps inevitably called out a serious amount of dissatisfaction. This feeling has probably decreased, although a large number of employers complain bitterly of its obligations, chiefly because it does bring such burdens, and because, in their opinion, no corresponding advantage can be shown.

Criticism among the working classes is far oftener heard against the accident than against the sick law, partly because they feel, whether justifiably or not, that the employer has, in spite of the laborers' representation in the committees, far too much power. The theory, however, that the burden is taken by the employers' association naturally led to granting them extensive powers. That the laborer pays for sickness caused by accidents in the first thirteen weeks gave him a theoretic right to representation. The complaint is often heard, "Yes, we have our place there, but the real control is with the employers and those who subserve their interests." There is much good evidence to show that this feeling of dissatisfaction on the part of the laborers is, exceptional cases excluded, only in small degree justified. A personal appeal to sixty employers, both in North and South Germany, resulted in a verdict, upon the whole, strictly favorable to the first and second laws in four cases out of five. As to the old age and invalidity law, about one-half were distinctly hostile to it. Some thought it would be done away with altogether, but the majority of those who disliked it believed that it would remain after important modifications.

In Chemnitz, of six large employers five assured the writer that they considered the laws upon the whole a distinct advance. It is noteworthy, however, that the smaller employers show most hostility, while the very large employers show less or none at all. A director in one of the largest businesses in Saxony said: "I merely put on three extra clerks, and there was an end of it." The small employer complains that the burden is relatively far more serious for him than for the large concerns. This agrees with a theoretical objection made by the opponents in the beginning, viz., that such legislation would of necessity tend to put the smaller business at a disadvantage.

The committee of the local association of the Berlin innkeepers and licensed victualers dislike the sick insurance so much that of 22,000 from 5,000 to 6,000 avoid insuring their laborers in spite of the legal risks involved.

The report (1891) of the Dresden chamber of commerce states that many of the factory owners and employers consider the laws good and useful in spite of all the difficulty attendant on their administration.

It is also stated as a common opinion that the laborers save less because of the laws, that German industry will in consequence have a harder battle to fight in the world market, and that the laborers show far less interest than before in the common concerns of employer and employed. This report also finds almost unanimous satisfaction with the sick insurance.

The fact that several towns (like Nuremberg, Fürth, and Erlangen) have refused to allow their officials to serve upon the honorary committees of the trade associations has been noted as a sign of dissatisfaction among the town authorities, although doubtless other reasons could account for this refusal.

The opposition thus to the sickness law is very slight. To the accident law the opposition is confined chiefly to a certain class of employers who feel the burden too directly and in too vexatious a form, and by those employed, whether in trades unions or among the socialists, who feel such sense of antagonism against the employing class as to incline them to hostility toward every organization of their masters. For the rest, whether by personal inquiries or by reports from those who have had great experience, the laborers show an extreme indifference even to these two laws with the benefits of which they have such constant experience and knowledge. It is claimed at the imperial bureau that this indifference is diminishing, and evidence is offered to this effect, but many personal inquiries of those who have the actual local administration in hand showed a strange lack of such interest and no hint of gratitude or enthusiasm.

The fact that the large and rapidly growing local association (*Ortskrankenkasse*) is so popular indicates by the very size this association has already reached that the individual laborer will have the kind of interest in it which is measured by the advantage he gets. This kind of interest is not blameworthy, but it is a wholly different interest from that which is created by an association which demands and gets personal sacrifices as a condition of its success (like the English friendly societies or the German free association). Three of these free associations have recently dissolved in North Germany, giving as a reason, among others, that the employers have to help pay the cost in the local association, while as free associations the law made it too difficult to keep up their reserve fund. It is added with rather painful significance, "we have built up these associations by our own efforts and had in them a genuine pride, etc." It is quite impossible to expect these new members to have anything like the same interest in the *Ortskrankenkasse* to which they now have gone.

The chief administrator in one of the largest local associations states that the new members like to come, but they show no interest whatever except to get out of it what they can. This can not be considered other than a very unhappy result. Nor does one see how the proper interest is to be created. It is reported in Dr. Braun's *Social Politisches*

Centralblatt, No. 3, 1893, that as the activity of the free clubs has been restricted the socialist workmen are turning more and more to the popular *Ortskrankenkasse*. The reports from Cologne, Berlin, Leipsic, Munich, and Dresden indicate that the socialists are likely soon to have a distinct majority of members.

With the law of old age and invalidity there is, so far as public opinion is concerned, not so much a difference in degree as a difference, and a very sharp one, in kind. The apathy of the insured here often passes into open and uncompromising dislike. One criticism is everywhere heard, that the age of 70 is far too high to have the slightest effect upon the imagination of the average laborer. The justice of this criticism seems to be admitted by the frequent statement of the authorities that at the earliest practicable moment this age will be lowered.

Again, the duty of "sticking in" the stamps upon the card which the insured must have has proved so vexatious as to create an outcry which seems out of proportion to the trouble it causes. It was long said that the dissatisfaction was to be accounted for by this irritation alone. That this is not so is proved by the fact that in Baden, for instance, the "sticking in" is done not by the employer or laborer but by the official at the office, and has been so done from the beginning. It is claimed that it has proved a great blessing, but still the law can in no sense be called popular in Baden.

In Bavaria there has been a kind of organized public indignation against the law. Petitions signed by men of prominence in every party, and even by the social democrats, have reached the imposing figure of 250,000 names. It was at first said, "Oh, that is merely worked up by the radical party (*Freisinnige*) for political effect." It is certain that the hostility can not thus be accounted for, however much this party may have used the occasion for its own ends.

In the discussion of the third law in the Bavarian chamber of deputies, on December 17, 1891, Herr Echinger, of the conservative centre party, spoke out only the common feeling when he said: "No law has ever caused such dissatisfaction and hatred (*Unwillen*) in the rural population as the old age and invalidity law. No one is content with it, neither the employer nor the employed, nor the claimant of the pensions." He then arraigned the elaborate and unnecessary mechanism of the law—the red tape, the rough treatment by officials, the "unjust decisions of the doctors," the open swindling with the stamps and cards, etc. He said the lazy people who do not average twenty weeks of work in the year can easily get the stamps for the requisite forty-seven weeks. Herr Zott, a farmer, also of the centre party, followed in the same strain and showed in detail how ill the law worked in practice, creating dissatisfaction among all, and above all making it far more difficult to keep farm laborers and servants without paying both contributions (of employer and employed). He believed the result would work directly to the advantage of socialists.

The only answer that the minister, von Feilitz, could make was to express the hope that with time these difficulties would disappear. In September 1892 Herr Hausmann, member of parliament, states that the dissatisfaction has in no degree disappeared.

A result not wholly unlooked for in Bavaria is an evident increase of the secession temper (*Particularismus*) against the empire which has imposed this law.

Another complaint, of which much is made in Bavaria, is among the artisan class, that the small margin, which before it was possible to save, now goes to meet the demands of the insurance. Small sums have been traditionally used there for buying tools, or a set of implements, with which to make a beginning in one's craft. This now is harder than ever, and there is a growing tendency among the poorer artisans to make it an excuse that their small savings all go to the associations.

Making such allowance as one must for the exaggeration of local feeling that is in many respects peculiar to Bavaria, owing to her traditional dislike to the extension of imperial power, there remains a deep and earnest movement against the law, both in its principle and practice.

In the petition addressed to the federal council and Reichstag the demand is made, not merely for changes in the law, but for a total abandonment of the law—*baldmöglichst wieder aufzuheben.* Proof is given that the disaffection is confined to no section, party, trade, or class. From the cities and country alike, employer and employed, the feeling is the same. It is admitted that a law for the insurance of widows and orphans would find support in Bavaria, as it would answer a real need, but the present law "corresponds neither to the wishes of factory owners, nor of the workmen, nor of the farmers, since in all these circles there is no such suffering from want in old age as to justify such measures." One of the most definite complaints is made in behalf of women workers, since so few ever are likely to reach the pension. "The very poorest do not live to be 70, and the higher class workmen are continually passing out of that wage class with which the insurance ends."

A great number of individual complaints have been collected in Bavaria for the purpose of showing the feeling of the insured toward the law. A workingman, knowing that he has but few years to live, writes: "I have consumption and can not live at most beyond a few years, yet this law forces me to pay out of my scanty earnings for those who are strong enough to live to the age of seventy. If they are so strong as that, they ought to lay by money enough for their support." To appreciate several other complaints, a table may be given showing the pensions that may be secured in each wage class, upon which the reckoning is made.

PENSIONS GIVEN IN EACH WAGE CLASS.

Contributory years.	Wage class 1. Those earning 350 marks ($83.30) and under.	Wage class 2. Those earning 550 marks ($130.90) and over 350 marks ($83.30).	Wage class 3. Those earning 850 marks ($202.30) and over 550 marks ($130.90).	Wage cla 4. Thos earning ov 850 mark ($202.30).
After 5 years	$27.42	$29.56	$31.27	$33.
After 10 years	28.42	32.99	36.27	40.
After 15 years	29.56	36.27	41.27	47.
After 20 years	30.70	39.70	46.41	55.
After 25 years	31.84	42.98	51.41	62
After 30 years	32.99	46.41	56.41	69
After 35 years	33.99	49.69	61.40	77
After 40 years	35.13	53.12	66.54	84
After 45 years	36.27	56.41	71.54	92
After 50 years	37.41	59.83	76.54	99

Stamps have to be affixed to each workman's insurance card ea week by the employer (by the officials in Baden) to the value of 14 pf nigs ($3\frac{333}{1000}$ cents) for first class, 20 pfennigs ($4\frac{76}{100}$ cents) for seco class, 24 pfennigs ($5\frac{712}{1000}$ cents) for third class, and 30 pfennigs (7 cents) for fourth class. This expense is divided equally between e ployer and employed, the employer having the responsibility of ded ing the amount from the workman's wage.

By reference to the above table a variety of complaints may eas be appreciated. The charges made in Bavaria only differ from tho made in other parts of Germany, in that they have been more definite stated and more widely and vigorously pressed. The very division the workmen into classes was found to cause "endless and unnecessar inconvenience." One case may illustrate: A young man of 19 yea has his wages changed twice in nine months. First he passes out class 1 into class 2, when a different stamp and a different payme are required. This continues four months, when he is able to co mand 580 marks ($138.04) which puts him into class 3, with its ow stamp and different payment. He then changes from one town another with his father's family where the same work gives him but 5 marks ($128.52) taking him again back into class 2. This, of course, an exceptional case but it is nevertheless claimed that these fluctuatio are so frequent as to cause much irritation among the employers, n so much for the bother of readjusting the payments as the impossibili of so explaining these things to the workmen "as to keep them in go humor."

Piece work is liable to give great variations in the wage. It is n only the rising or falling of laborers into one class or another, but t variations in business itself are so considerable and so constant as cause an amount of annoyance "utterly disproportionate to any go result that the law is ever likely to produce."

Again, it was said, young men, who were earning money to go America or to the colonies, pay with ill grace the money which mu be lost the moment they leave Germany.

One special cause of irritation in Bavaria has had the bitterest expression throughout Germany among those workmen who are organized into independent associations, whether in some form of trade union or clubs with socialistic tendencies. Several cases came up, in which it was charged upon the employers that they had left upon the workman's receipt card some kind of mark which would enable all employers to know that this workman had been dismissed and was to be considered a "black sheep." The government evidently feared this use of the card, and consequently took definite measures against such abuses. With great minuteness the exact ways are prescribed in which the stamps are to be affixed and checked off. Any marks that may be discovered, or signs of tampering with the cards on the part of the employer, are severely punished.

This illustrates well what the limits of the law are in such questions. Several employers have said: "If I wanted to do it, what could prevent my leaving upon the card one of a dozen different signs, like a delicate pin prick in a letter, that could be seen through a glass only? We employers can have an understanding among ourselves as easily as before if any occasion arises which makes it worth our while."

The workingmen's organs stoutly maintain that the cards are used for such purposes; and whether there is much or little truth in the assertion, it has been a cause of much ill feeling.

That these difficulties are not wholly peculiar to Bavaria may be learned daily in the press from all parts of Germany. In Pomerania in the present year it has been found that so many and such perplexing obstacles were accumulating that the committee of the insurance institutions has appointed sixteen controlling officers each with a special district, where they have just begun their labors. They are charged "to watch over the punctual obedience of the law in every legal prescription, especially as to the stamps, their erasure, and use." They are to inspect the management in industrial offices and in homes, "to visit from house to house, to give advice to employers and employed who do not understand their obligations." Where violations of the law are found or constant neglect of its prescriptions, penalties are served. The Berlin *Tageblatt* adds sarcastically of this measure: "The German citizen, in consequence of this social legislation, will come under control so complete and all embracing that little will be left for him to do."

Even the high conservative *Kreuzzeitung* (organ of the orthodox nobility) declares that a revision of the law is "a matter of course." It adds: "The bitter dissatisfaction with this third law grows from day to day. The burden to officials and employers is not to be borne, etc." The same paper proposes in regard to Pomerania that the old tax on incomes from 350 to 900 marks ($83.30 to $214.20) should be revived—it was abolished in Prussia some seven years ago—and all taxes from this source should be used, after very profound changes or even abol-

ishing the law, to pay all indigent laborers' pensions directly, thus avoiding the irritations and confusions of the present method. The reference made to Mr. Charles Booth's English scheme would perhaps imply that its provisions had had an influence upon the German opinion.

In this long agitation against the old age and invalidity law it seems strange that so little apparent effort has been made to bring the emphasis off the old age factor onto that of the infirmity feature, as it must play so large a part under the law. The real demand made upon the insured for specifically old age pensions is but a small fraction of that which infirmity demands. The infirmity pension is paid regardless of age, if one is incapable of earning one-third of his usual wage and has passed his five years' "waiting time," *i. e.*, the insurance begins at the completion of the sixteenth year, and at twenty-one years of age one may receive the infirmity pension under the above conditions. Thus fifty years are covered by the infirmity provisions. In comparison with this the old age factor is of exceedingly small moment.

The infirmity pension is, moreover, higher than the old age pension. It rises according to the wage class and the length of time contributions have been paid. A laborer in class 4, for example, who had been insured forty contributory years would receive 354.60 marks ($84.39). This for a workman 56 years of age would, in Germany, be actually higher than the yearly wage will average in East Prussia. The weekly contribution in class 4 is 15 pfennigs ($3\frac{57}{100}$ cents), so that at fifty-six years of age he would have paid out 282 marks ($67.12), getting in return 354.60 marks ($84.39) yearly pension. In other words, he gets more in a year than he has paid out during the entire forty years.

A sensation was produced throughout Germany when even Bismarck, by whose irresistible personal influence the law was rushed through parliament with so small a majority that its passage was owing wholly to him, began to utter loud complaints against the law. A few months after his dismissal he said to a reporter of the Lübeck Railway Gazette, a radical paper, that the agitation against the law seemed to him to be on the right lines. "The thing can not be maintained—the makers of this law have acted without psychological knowledge of humanity." The answer was instantly made everywhere throughout the press, "But this is very especially Bismarck's work," to which the ex-chancellor's special organ, the Hamburg News, replied that the law had had its character determined independent of him—that it was the work of Minister von Bötticher and the Reichstag—that he only gave his adherence in its last stages in order to help out his colleague in a difficult position.

Few profess to be able to understand this explanation. It is said, with general confidence, that Bismarck spoke until the last day for the bill, "usually with passion, often with vehemence." He expressed the confident opinion that all those who voted against the law would in *future* be put in an embarrassing situation only by being known as

opponents. A member of parliament, of whom the ex-minister to Germany, Andrew D. White, once spoke as "the best informed man in politics that he had met," has said recently that if this third law were now to come up again before parliament for acceptance or rejection, "not twenty-five votes could be secured for it." Of Bismarck's attitude the thing which may be said with confidence is, that his present critical position is proof positive of the profound unpopularity of the law. The indifference of the great mass of the insured to the first and second laws is such as to create no small difficulty, both of administration and of the general purposes of this social legislation. With the third law the feeling with a large percentage of the insured becomes so sulkily obstinate and unfriendly as to constitute the great embarrassment above referred to.

What reply is made to these criticisms by those who believe in this old age and invalidity law? It is said that much of this irritation was to be expected from the very nature of the law. It was impossible, it is urged, to apply such measures, the beneficial effects of which could only slowly appear without creating such opposition, but time only is required to simplify the administration and remove most of the annoying causes. The very fact that provision was made for beginning almost immediately to pay pensions to those just coming to their seventy-first year, is urged as proof that evidence was seen to be necessary in order to convince people of the good results which would more and more follow.

These people are, of course, scattered throughout the entire empire. It is thought, therefore, that the benefits which they are seen to enjoy will rapidly create confidence in and sympathy for the law. There will be, it is said, everywhere, a perpetual illustration for the whole people of its beneficence.

The statistics of the imperial insurance bureau (*Geschäftsbericht*) for 1891 show more fully and accurately that 173,668 claims for old age pensions were put in. Of these there were 7,102 undecided, 30,534 refused, 3,115 otherwise granted, 132,917 granted.

There were thus distributed in 1891 among the people 15,306,754.34 marks ($3,643,007.53) or about 115 marks ($27.37) per person pensioned.

It is undeniable that such living examples must exercise an influence in favor of the laws. Whether it can make head against the unpopularity must remain for a long time undecided.

Those, moreover, who are in a position to judge, show from different parts of Germany considerable testimony that is thought to indicate a more favorable feeling toward the law. Yet it must be said that such evidence as one gets in abundance from the laborers in any part of Germany shows either total unconcern or active dislike for the law.

It must also be said that the founders of this legislation expressed strong convictions that such laws would lead to contentment and satisfaction among the working classes, Bismarck, in one of his speeches, having said, "Contentment among the laboring classes would not be

purchased too dearly by an enormous sum." If it was ever seriously hoped to satisfy these classes by such measures the time has passed when any considerable sign of such satisfaction could be shown. It may be granted that even with the old age and invalidity law the actual sight of older people coming into possession of pensions will tend to quiet hostility and even to awaken an interest in such anticipated benefits, but it was held out as one of the objects of this social legislation to quiet the unrest which was showing itself in many dangerous ways.

It is probably seen clearly now that no result of the kind has followed or is likely to follow. Germany is learning, as other nations have learned, that dissatisfaction is not the concomitant of low, but rather of high wages. To add to the standard of living, and especially to hold out such expectations of material improvement would be the one sure way to increase the unrest of the worker, but the pioneers in this legislation often spoke of it as a means of adding contentment to the lot of labor. The open fact that no such result followed is often used against the legislation by those who are hostile to it. It is, however, fair to reply that an accompanying dissatisfaction of the insured is no proof that the legislation has failed, but only that the administration of the laws will be in consequence far more difficult and also that those who looked for contentment were mistaken.

The question whether the standard of living is actually raised—whether the real wage is increased or not—is considered in the following chapter.

It should be said, finally, that if it be found possible to preserve the principle of self help and interest among the laborers, the centralizing process, to which reference has been made and which may now be considered only a question of time, will undoubtedly remove many of the chief annoyances which come from the present extreme complexity of these laws. An objection occasionally made is that the wage basis of classification must, in its very nature, tend to perpetuate a more fixed "class system." This danger was evidently felt in England, as one of the confessed merits of Mr. Charles Booth's old age pension scheme is that "no vicious class distinctions are made, but all classes are treated alike."

A nationalist writer in the United States feels the repugnance to this element in the German plan, and says :

> The objection to the German system, and to all its modifications, is that it is a class system, recognizing workingmen as a grade of citizens to be distinguished from other grades as an object of public patronage. The German and other plans for workingmen's insurance are therefore largely charitable, or quasi charitable, in character. The fund which supplies the insurance is only furnished in part by the workingmen. The state treasury supplies a fixed portion of it and employers are required to supply another portion. The benefit of the insurance under

this sytem is restricted to those who are technically workingmen—that is, wage receivers in distinction from salary receivers, a seemingly vague but clearly recognized difference. Practically one must wear the workingman's blouse and overalls all his life to be entitled to the pension. It is taken for granted that the social grades above the workingmen can provide for themselves and do not need state assistance. The system is one calculated to emphasize and perpetuate class distinctions. There is at present no room or admissibility for such a class system in America. The class idea is growing here, but is not yet acknowledged, and, God helping, before it shall have had time to gain acceptance among us we shall have put an end to classes forever by the establishment of nationalism.

Meanwhile, however, there is great need for some sort of insurance system which shall, without recognizing classes, furnish the cheapest possible sort of safe provision for old age and the support of families after the death of breadwinners. This provision can, for the present, best be found in state life insurance, which, on a strictly business basis (and the whole scheme of nationalism is on a strictly business basis), will bring absolutely safe insurance within the reach of all insurable persons at one-third what private companies now charge. The American workingman should, and we believe will, demand his rights, not as a member of a class but as a member of the nation; not as a workingman but as a citizen. The private life insurance companies here, as well as in Europe and Great Britain, would like nothing better than to get the public interested in these public charitable pension schemes, which would brand cheap insurance as an eleemosynary sort of thing, not at all in the same category with sound business. This, however, can not be permitted. Cheap life insurance is good business and need not depend on state aid or special favors of any sort. Let us have state life insurance. Let us have insurance that will be at once sure and cheap, instead of the article furnished by the private insurance companies, which is at once dear and doubtful.

As this report goes to print, September 1893, there seems no lessening of the discontent against the old age and invalidity law. Many cuttings from the press of all parties in different parts of Germany have the same monotonous complaint against its vexatious obligations.

A statement made by the imperial bureau July 1, 1893, shows that since the law came into effect 245,013 persons applied for old age pensions, but only 193,114 cases were allowed; 42,984 cases were refused and 3,810 remain under consideration, while 5,105 "were satisfied in other ways." In the same period invalid pensions have been claimed by 59,247 persons. Of these 34,746 cases were allowed, 15,938 were refused, 5,722 are under consideration, 2,841 met in other ways. Among this number who were granted invalid pensions 1,025 already had received the old age pension.

The fact that in so brief a space of time nearly 60,000 claims should be refused has given some ground for the criticism that a law whose enforcement carries with it so much and so widespread disappointment as is implied by these refusals is of questionable nature. It is replied that after a few years the conditions of applying for and receiving the pension will be far more exact.

In a *recent number* of Karl Braun's *Vierteljahrsschrift für Volks-*

wirtschaft, Dr. G. Levinstein has an excellent article, in which it is shown how large a percentage of those who are legally bound to contribute under the third law have in various ways escaped their obligation. According to his estimates Germany has 15,000,000 workingmen. In 1891 9,250,000 only paid their contribution, leaving thus nearly 40 per cent. who failed to meet their legal obligations.

As the official returns give, however, but 11,285,000 persons who are legally compelled to pay, the percentage of delinquents would be greatly reduced. It seems generally admitted that 16 or 17 per cent. do thus escape.

CHAPTER VI.

RELATION OF STATE INSURANCE TO WAGES.

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The fact that the contributions of the laborer and his benefits are related so directly to the wages received, shows how important a question is here raised as to the effect of this entire legislation on the real wage of the insured. It is the object of the insurance so to modify and change the distribution of the national product as to add to the economic security of the working classes.

This, of course, implies that such nominal wage as the laborer receives shall command, where his benefits are included, a higher degree of material comfort as a consequence of these laws, *i. e.*, the people who are now insured under the three laws are assumed to have reached, when the average of accidents, sickness, etc., is taken into account, a higher and surer degree of material comfort and security.

This involves a problem of extreme complexity on account of the innumerable factors that enter into it. Enough of the important factors may, however, be seen to enable us to form at least an approximate judgment.

If these insured working people had of their own accord insured themselves, we should have had also a redistribution of the annual product over which they had control. The burden of industrial misfortune would have been shifted from the shoulders of the few more unlucky to the shoulders of the whole strong mass.

It would not be said in this case that the general wage was raised, but that the pensioned income of those to whom sickness, accident, and old age came was put upon a higher and surer basis. The strong and the lucky bear this expense.

If the number which is now insured had taken the entire responsibility upon themselves the management and expenses would possibly have been more economically conducted, as their private interests would so clearly appear to be involved. Such type of group insurance we should, however, commend, if at all, on the sole ground (if properly conducted) that the element of misfortune was distributed so that it could be more easily borne. We should not attempt to measure the benefits merely by any material wage standard, even while admitting that the unfortunate had their own standard raised by the insurance.

The actual problem differs from the above in that the attempt is made to throw a large part of the expenses of insurance upon the well

to do classes. So that the question now is, will the income of the insured laborers be added to because the well to do pay so largely toward the insurance? All employers, every one who has even one servant, and the state help in some form to pay directly toward some part of this vast fund from which the benefits are drawn and distributed among those of the insured who suffer sickness or accident serious enough to bring them under the laws. It is not unlikely that within fifteen years the payments of the state itself will reach 50,000,000 marks ($11,900,000) a year, and eventually probably 20,000,000 marks ($4,760,000) more than this each year. In the accident law the employers pay the entire amount (except for accidents during the first thirteen weeks of the sick insurance). In the sick insurance the employers pay one-third of the contributions, and in the old age and invalidity law one half. It is impossible to tell how vast a sum here is added by the well to do classes to these three insurance funds by which the working classes profit.

If we bring the three laws under a common schedule it appears, according to Dr. Zacher's statistics for 1892, that the receipts and expenses under the three laws were as follows:

SUMMARY OF INSURANCE IN GERMANY IN 1892.

[The rounded numbers are estimated, in so far as the financial statement for 1892 was not yet settled (January 1893).]

Persons insured, receipts, expenses, etc.	Insurance against—		
	Sickness.	Accident.	Old age and invalidity.
Persons insured	*a* 7,723,000	*b* 18,000,000	*c* 11,900,000
Persons relieved (*d*)	2,752,000	210,000	187,000
Receipts:			
Contributions of employers	$7,378,000.00	$12,852,000.00	$11,275,250.00
Contributions of employed	18,445,000.00		11,275,250.00
Total	*e* 31,416,000.00	*e* 16,184,000.00	*f* 25,751,000.00
Expenditures:			
Benefits	22,610,000.00	7,735,000.00	*f* 5,331,200.00
Administration	*g* 1,475,600.00	*g* 1,761,200.00	*g* 1,066,240.00
Total	*h* 29,512,000.00	*h* 12,852,000.00	*f*, *h* 25,751,600.00
Accumulated funds	*i* 26,180,000.00	*i* 24,038,000.00	*i* 38,758,300.00
Benefit per case	8.33	44.03	*f* 28.56
Charges per person insured	3.332	.714	*f* 2.742

a Persons employed for wages or salary in trade and commerce, partly in agriculture (forestry) and domestic service.
b Persons employed in industry and agriculture (forestry)—not in commerce, handicrafts, and petty trades—including about 4,000,000 small farmers (with areas under 24.71 acres) and as many persons insured in additional or double employments.
c Workers of all trades and servants, likewise (industrial and agricultural) officials and commercial assistants with regular year's earnings up to $476.
d Persons having received legal assistance in money or in kind (free medical or hospital treatment, medicines, etc.), provided by the workmen's insurance laws for disability caused by sickness, accident, invalidity, or old age.
e Including balance on hand at the commencement of the year, and interest on investments.
f Including state subsidies.
g Including the current costs of the whole organization.
h Including the year's addition to the funds.
i Provided by law in order to secure the payments named.

Dr. Zacher says that already "in the few years since these measures became law nearly a thousand millions of marks ($238,000,000)—almost one-half contributed by the employers—have been expended in the

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Again:

The desideratum of financial reform takes with me the first place: the diminution of direct taxation by the increase of those of the empire's revenues which are based on indirect taxes. It is no accident that other great states, and especially those with far advanced political and economic development, seek by preference to cover their expenditure by customs duties and indirect taxes. The direct tax, which is demanded of the individual taxpayer, is an amount fixed in advance for each single person liable, and in case of necessity is exacted from him by compulsion, falls, as from its nature it must do, with greater pressure than an indirect tax, the amount of which, both for the community and the individual, is determined by the consumption of the article taxed, and, so far as the individual consumer is concerned, is not as a rule paid by him separately, but in and with the price of the commodity bought. In the greater part of Germany the direct taxes, including the communal taxes, have reached a height which is oppressive, and economically does not appear justifiable. The greatest sufferers are the middle classes whose incomes range up to 6,000 marks ($1,428), and who, owing to the direct taxes exacted by execution, or at any rate levied beyond their power to pay, find more often than the members of the lowest tax schedules their economic stability undermined. If the reform in taxation is to give relief up to these limits, which I regard as necessary, it must begin with the revision of the customs tariff upon as wide a basis as possible. The more productive the customs tariff can be made financially, the greater will, and must be, the relief in the domain of direct taxation.

Bismarck never concealed his purpose, which was the plain and practical one of getting the money. If the sources whence it came were ingeniously obscured he found that many difficulties disappeared To the extent that the body of insured laborers as consumers help pay toward the insurance fund above referred to, they of course bear the burden which, relatively, is far heavier for them than for the richer classes.

Again, in considering these indirect burdens that must fall, though unconsciously, upon the laboring classes, it can not be for a moment ignored that the borrowing power of the state is greatly enhanced by those provisions of the law which require so much of the enormous reserve funds to be invested with an absolute security, which means in fact that imperial and state bonds will be purchased.

When the last imperial loans were opened for subscription, the officials controlling the loans were charged to take note of the percentage that was taken up by the insurance institutions, and, moreover, to give the preference to these institutions before any private subscribers should have a chance. In the life and death struggle of the government and states to get all the money they think necessary, this can not be regarded other than a danger, not only in and of itself, but as reacting unfavorably upon national economy.

One single illustration is the evident purpose to use large sums from the reserves of the old age and invalidity fund to build in several cities tenements for the working classes. Even if this proves justifiable upon

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No aspect of this legislation presents subtler difficulties than the facts and dangers of simulating sickness or inability in order to get sick pay without work. That playing sick is ominous in its proportions will hardly be denied by any unbiased person who knows the facts. It may, however, be held that the evil was still more unmanageable under the older charity, and that there was more of it. It may be held that the evil can now be far more surely checked, since so much able expert medical service is at the command of the different associations. There are remarkable signs that such control is not only lessening the evil, but is furnishing a series of tests which will make simulation far more difficult. It will not be here maintained that this trickery is more common among the workingmen than in any other class. Where, indeed, is every hurt more exaggerated than among those who are injured in a railway accident wholly independent of the class to which they belong?

It is possible, too, that workingmen as often simulate health to their disadvantage as they do sickness to their advantage. However the facts are interpreted they will be found, if taken in connection with those given in the next chapter, of sufficient significance to warrant a detailed exposition.

It is certain that the future will judge these compulsory insurance laws to a large extent according to the influence they are found to exert upon what is called in the next chapter "the margin of the weak." Great emphasis is placed upon this point, not so much because these laws assume that the weaker are to be strengthened, as from a desire to get into wholly clear light some test by which these laws may be judged. Is a vast, complicated, and expensive social legislation worth while, if it is found to leave the margin of the weak as broad, as helpless, and as heavy a burden upon charity as ever?

It is clearly worth while if it adds permanently to the economic security and comfort of the great body of laborers, and it may be said that even if the multitude of the poor have to depend upon the same charity that existed before these laws, still this legislation will accomplish its end by insuring the far larger body of the abler workers. There would at any rate be two distinct issues—one assuming that the legislation would practically do away with the existing charity burden and the other to raise the standard of living among those who were strong enough to live independent of charity help. Whatever may be said

for this last alternative, it has been one of the prominent objects in Germany, as in England, to lessen the burden of charity and strengthen the margin of the weak.

Now simulation in all its forms plays a role at this point so important that it can not be ignored without obscuring every issue that we wish to make clear.

What, then, is meant by simulation? In its very narrowest interpretation it is the express and conscious purpose to use an accident or infirmity "for more than it is worth," to make of the hurt or illness an excuse to get the utmost help, consideration, off time, or other advantage that is possible.

It can not, however, here be too strongly said that the conscious purpose is of far less moment in this issue than the half or entirely unconscious element. The question is accurately this: Is there a tendency in these laws (thus far the first and second) to make the various forms of simulation more possible and more profitable to the simulator? If this is true, or to the extent that it is true, it constitutes a weakness unless there is reason to believe that the evil may be overcome. No theoretic view of human nature or of these laws is of the slightest account. It is wholly a question of evidence, and evidence chiefly from expert physicians, and perhaps quite as much from those who have had long and special training in charity work. A professor of medicine in the university of Freiburg, who has had such experience, says, "I shall lose all my faith in humanity if I deal much longer with this constant simulation." He knew this was an exaggeration, but it meant that close experience with the sick and injured in the local sick and accident associations had greatly disappointed him. His theory of the situation had been wholly different until experience brought him into relation with the facts. The head of the largest of all the local associations in Freiburg (the *Ortskrankenkasse*) also expresses the same opinion: "We are hopelessly plagued by an amount and variety of feigned weakness and incapacity that I never would have believed possible." It should not be said that these two statements stand for all the expert opinion. They do, however, stand for so much and for an opinion so widespread that it constitutes a very real difficulty in the problem, a difficulty that will be ridiculed only by those who have never seen it.

In the earlier history of volunteer insurance, the reason why simulation was so inconsiderable was that these societies had grown up slowly in small and compact groups, in which all the members were known to each other. All paid into the common fund from their own money and knew the exact relation of their sacrifice to the objects of the society. The fact that they freely made such sacrifices proves that they had reckoned carefully with their interests and would as carefully watch over them. Such a condition produced naturally the sort of group opinion in which simulation was wellnigh an impossi-

bility. It was so sharply disapproved of that cases are known in which health was simulated rather than run the risk of this disapproval. This sort of simulation was happily rare, but that it could happen at all shows how alert and pitiless a force all shamming of sickness had to stand up against under such conditions. The change which has taken place, may, in the sick law, be indicated by the account given before the parliamentary committee in 1885. It was then said in explaining the law: "The only man who is liable is the employer. He is liable to deduct such and such an amount from the wages and the workman has nothing to do with it. As a rule he does not know how much is deducted and how much is not deducted; he gets so much wages because the law is universal and uniform in the whole of Germany; he does not know whether the deduction is made or not, I mean he does not miss the deduction."

Under such circumstances is it likely that so watchful a care will be taken of the common interests? This is the exact difference between a forced and a voluntary contribution, only in this case the contribution which the laborer must pay he is practically unconscious of. The reply would be at once made that in the most important sick associations a part of the administration is by committees of workingmen themselves. It is true that the government has laid great stress upon this point of local administration, in which the laborer shall be constantly and watchfully represented. It has been considered a corollary of compulsion that the laborers should have the largest amount of active influence compatible with the necessary government control. The fact is, however, undeniable that a great change has taken place in respect to the individual laborer's relation to his sick association. The most powerful and most popular of all is the local association. Its sheer size in the towns makes it out of the question to keep the kind of check upon simulation that was easily possible under the earlier conditions.

The legal necessities and the "need of unity," however, erased some of the old lines, the result of which was expressed by a Harz miner, "We can't see what we get for our money, as we used to." The sick funds work, however, with admirable results whenever the group is not too large and too fluctuating, as it tends to become in a great city like Berlin. One of the oldest officials of a leading Berlin *Krankenkasse* said: "We find it all the time harder to know enough about our members to check the simulation."

Any adequate appreciation of the evil here considered must recognize what the city means in modern industry. The larger cities are not only the centres of a superbly organized socialistic agitation, but they are in all ways more and more impressing their quality and character upon the whole mass of labor throughout the country. One of the older master builders in Berlin said in the hearing of the writer: "Within ten or twelve years I have given up all hope of knowing my men person-

ally; they come and go so rapidly." This increasing fact is felt by all the groups with which the compulsory insurance has to do.

Several of the most important German cities are now at their wits' ends to know how to deal with the mass of unemployed. The present winter in Berlin has been exceptionally favorable as to weather, but the new coffee houses, the fifteen people's kitchens, and the halls recently opened for the poor have all been crowded to the uttermost. The situation is unpleasant enough for every haunting problem of a great city; it is especially unpleasant for those who are administering these socialistic insurance laws. Among groups so large and shifting it would be difficult enough if good workmen only had to be dealt with, but a vast mass of unskilled labor crowds in upon the administration. It is a mass in quantity and quality that is wholly unmanageable. It is filled with the stupid, weak, drunken, idle, and vicious; and thus the sort of discrimination which any fit administering of the laws requires is not possible. With those that can be marked off, as either one thing or the other, something can be done, but the despair is in the ever widening margin between the responsible and irresponsible classes of workmen. The very fact that large numbers have no work and still larger numbers have work for only a portion of the time gives the sort of plausibility to the plea of "no work" which is so embarrassing. But the fact of chief significance here is that this situation creates of itself the sort of atmosphere in which simulation flourishes. In small towns one is invariably told that simulation is far greater when work is slack. Dr. Bode says of Hermsdorf, near Dresden (National Review, March 1892): "In the place where I live the workingmen are mostly masons, bricklayers, and the other laborers who work in Dresden while their season lasts, and rest at home in the coldest winter months. Here everybody knows that these good people are strong and healthy as long as they can earn their wages in the town, and that they go to the doctor and complain of pains here and there when they can not earn more than the sick insurance money will be."

The Dresden report, 1891, of the local association is considered in the central organ of the insurance laws (No. 17, June 11, 1892, pages 373, *et seq.*). After noting the increase in expense and sickness it adds that the "patients increase when work is slack and decrease when it begins again." "Here we have to do," it says, "with simulators who try to help themselves out from the funds." Rheumatism is in this case so frequently given because the doctor can not definitely disprove the claim. In the June number, 1892, the same impartial review notices the Cologne report of 1891. While the normal sickness is 2 to 2½ per cent. of the members, the per cent. rises at once when the "out of work" seasons set in, often as high as 4½ per cent. The reason given is simulation. It says no means have thus far been found to cope with the evil.

The July number, 1892, deals with the Berlin report of 1891 of the sick associations. The whole income of all the associations was 6,448,558 marks ($1,534,756); there was paid out 6,479,417 marks ($1,542,101). Here for the first time was a deficit. It is significant that the chief part of this deficit is with the large groups of the local associations. Simulation is given as the direct cause without modification. Among the brick and stone layers the deficit was greatest evidently because work was lacking. The sick days rose here from 6,491 in 1890 to 8,926 in 1891. The report says, "Every association has the same experience, that when work falls off the numbers of the sick increase."

The funds tend thus to change their character, becoming a support for those out of work instead of sick funds proper.

A physician of experience has reported the same results for the period of extreme heat during the summer of 1892.

The effect of the city may be seen from the fact that, in the country districts, the local associations have a far smaller percentage of cases in which sickness lasts more than thirteen weeks. In forty-two larger cities the percentage is as 50 to 20 against the country. In the *Social Politisches Centralblatt*, 1892, p. 476, it is stated that the Berlin local association for the hotels pronounces, through its committee, simulation to be very frequent, partly because the hospitals are so overcrowded that the doubtful cases can not be sent there for examination. The *Arbeiter Versorgung*, April 1892, in discussing the fact of increasing accidents and simulation says that the influence of the city life is in many ways most unhappy. The opportunity for continual change, strikes and their influence, the excesses and consequent loss of freshness and care for one's work, etc.—these influences are counted as partial explanations of increasing accidents.

In Nuremberg there is a special word used for a class of simulators who are called *Mietzinskranke—Rentinvalids*. Rent is paid four times yearly, two of the payments being in February and November, when many weaker members actually earn less than the sick pay gives them. At these periods the pressure of simulation is such that it may be seen as a sort of law. As there are other conditions varying from this only in degree, it may be valuable to show this in a statement of the number of new cases of sickness during the half months of 1891.

:R OF NEW CASES OF SICKNESS IN THE NUREMBERG SICK ASSOCIATIONS DURING 1891.

Month.	New cases of sickness.	
	For each half month.	From the middle of one month to the middle of the next.
..... first half	19	
..... second half	28	
y ... first half	20	
second half	19	54
..... first half	31	
..... second half	24	50
..... first half	17	
..... second half	20	41
..... first half	18	
..... second half	17	35
..... first half	16	
..... second half	11	27
..... first half	12	
..... second half	21	33
..... first half	15	
..... second half	17	32
er .. first half	13	
second half	10	14
..... first half	4	
..... second half	14	
er .. first half	26	40
second half	18	
r ... first half	14	32
second half	11	

t, as has been said, is paid four times a year, in February, May, st, and November. The number of new cases of sickness for the ending on the 15th of each of these calendar months during which paid, viz., 54, 38, 36, and 40, respectively show, in relation to their ling and following numbers, at the two periods ending February and November 15, the tendency to take advantage of the situation. ay is given out from the 15th of the month to the 15th of the following month. The cases by half months show also the same results. hial catarrh plays a leading part in these ailments. It is said difficult, as with rheumatism, to tell with any accuracy whether mplainant is unfit for work or not. The Upper Silesia mining ation reports, last year, 2,000 cases of rheumatism.

ain, the evil is increased by the fact that to a large extent a r may choose his own physician. In Chemnitz a list of thirty-as found from which the laborer could select. It would seem al that those inclined to take advantage should go to the physi with a "good heart" rather than to one with a severe sense o

This has proved true to such an extent as to lead to a move to restrict the choice to such physicians as will be severely sible to public interests. An instant and powerful counter agi was started against such restriction. Many large meetings hav held this winter to protest against such measures. "I have ha ysician for sixteen years," said a workman, "and now they wi l me to turn him off for a man I never saw, and don't want in m !"

Many physicians refuse in most cases to prescribe spirits among sick laborers (unless for special cases), which leads the men to find out those who will prescribe it. Such patients as insist upon having schnapps prescribed naturally go to "the cognac doctors." They are quite as quick to find out the doctors who will grant their claims most easily. The dilemma is serious. As the groups grow larger, as in the cities, this free choice among many doctors makes many dangers at least possible. This risk was thought to be so great that a strong effort was made to restrict the choice of doctors to such as would look alone to the public good. This is precisely what the powerful employers of the patronal type can do. An employer of 1,800 men and women said frankly: "I check simulation by seeing to it that only those doctors are employed who look after the interests of the fund first. If I should find that any doctor was humoring laborers, as I am told they do in towns where they want to get popularity, I should get rid of such a man at once."

Here would be a real check. The difficulty, however, is that the patronal type of employer with such influence is every day becoming rarer, as the city condition or purely impersonal relation grows larger. Many hold that the difficulty of simulation is as great upon the side of the doctors as upon the side of the laborers. There is practically a trade union among the doctors, although it has a high sounding name, *Ehrenrath*—council of honor. It deals out swift justice against all scandalous abuse of privilege. A notorious case in Leipsic is that of a doctor who cheated the sick fund by charging for a larger number of visits than he had made. His case was turned over to the authorities and he has been condemned to four months' imprisonment. The standard of professional honor in these unions is unquestionably high, but it is impossible so to control conditions that a certain number of ambitious men, with little conscience, will not take advantage of the opportunity offered by these insurance institutions to make their way. This is easiest done by becoming popular. If the doctor is young and poor, he may start most easily among the class of laborers who are willing to take every possible advantage of the sick or accident fund.

The bitterest complaints that are heard in Germany come from fair and experienced men against this class of *Streber*, *i. e.*, a class of doctors, oftenest young men, who are bound to make themselves known and get their patients at every risk save that of open scandal.

The head official in a local association of above 4,000 members testifies that no cure of simulation can even be begun unless the difficulty of the *Streber* is in some way met. In answer to the inquiry by the writer, if carte blanche were given him, what he would do, this official answered, "I would have a rigid appointment by the town authorities of only those physicians that could be depended upon." A well known physician of Berlin says that the young doctors, especially, underbid

each other in order to get places upon the list of fund doctors, "only to be able to live till they get a start."

It has been several times said by socialist members of parliament that exigencies would force the government to make the doctors state officials.

Whatever advantages there might be in a more rigid choice, there is very definite experience to show that such severe fixing of the choice would have perplexities of another sort, perhaps even more embarrassing. Where so much power is given to the doctor, unless an enormous force were appointed, and the expense thus largely raised, the cases would be hastily and often roughly treated. No greater indignation has been shown than in those cases where for any reason the choice of doctors was so narrow as to throw a good deal of power into the doctors' hands. Complaints were made of lack not only of consideration, but of adequate examination. It would seem thus that neither way would shut out the chance for simulation, unless at vast expense special institutions were erected for doubtful cases, which should be dealt with by able and experienced specialists.

A report just issued (October 1892), however, in the Frankfort Gazette, gives important evidence to show that the experience with a free choice of doctors in several large Berlin local associations has been attended with far better results than were expected.

Whatever might be theoretically best in this choice of doctors is conditioned by the political factor. Under many conditions the unpopular thing can not be done and the laborers are almost fiercely set against any restriction in their choice. Several administrators of the funds have frankly said during this investigation that this political influence could not be ignored, and in the future would play an increasing part.

It was at first believed that the pecuniary advantage in time of sickness would be so small that no one would be tempted to play sick. The sick pay does not begin until the third day of sickness (*a*) and lasts during thirteen weeks, when, for all sickness caused by accidents, the case passes to the accident fund. During these thirteen weeks the sick receive medical care and appliances with one-half the wage of the class to which they belong. It was said again that the laborer helps pay the bills and would not therefore suffer himself thus to be imposed upon by simulants. It has been seen, however, that the laborer is not only forced to pay his part, but forced in such a way that he does not clearly realize that he pays anything, as his employer hands him upon the pay day his wages minus the contribution to the fund. Under the accident law, if wholly unable to work, two-thirds of the wage are given. Here too it was held that this amount would check simulation. Whatever theoretical plausibility this may have, one can only judge by such experience as has been developed.

a The *Syndikus Rágoczy* of the chamber of commerce in Minden, writes (1889): "This delay by no means has hindered simulation."—*Die Wirkungen des Krankenversicherungsgesetz*, 1889, p. 31.

One of the ablest and most conservative authorities upon these laws, Dr. R. van der Borght, wrote in 1886 that simulation was not uncommon before the new laws, but since the state law "it has taken on greater dimensions." He attributes this in the cases of which he speaks to the higher pay received during sickness, implying that a lessened rate would check the evil. This evil appeared in Altenberg in such questionable shape as to lead to a reduction of the sick pay. The sharp dissatisfaction with this proceeding was such as to make it a most doubtful remedy, especially when we recognize the fact that the successful carrying out of this legislation depends to such extent on the sympathy and good will of the people. This necessity of "having the people with us" is acknowledged to be so important that a leading administrative official has not shrunk from defending himself against some criticism for loose application of the law by saying, "it is of vital moment that we get at almost any cost the good will of the people."

In the most recent study of simulation, by Dr. Thiem, director of the surgical institute in Cottbus, he says (p. 17): "If the legislators believed they would frighten people from simulation and exaggeration by taking only two-thirds of the previous earnings as a maximum, they have deceived themselves." He adds that, inconceivable as it is, the small amount coupled with possible idleness seems to work upon considerable numbers as a sort of evil magic. Upon the general question he says: "To a certain extent all the injured tend to exaggeration." Again, "inconceivable as it is, numbers of laborers are blinded by the prospect of lying off, even if they have to live on the smallest pay."

According to Dr. Thiem's experience successful simulation is not only more frequent than it was before these laws were in force, but it is far more difficult to cope with. He says (*Behandlung und Begutachtung der Unfallverletzen*, Berlin, 1892, p. 6): "Many of the injured have learned that they can exist with the pay, and thus do not wish to get well." He also quotes a physician as saying that this very act of the mind in trying to make the most of the ill becomes a cause of real disease. In a set of 615 cases he finds 61 that he pronounces malingerers. Dr. G. Schütz also gives 10 per cent. of simulation as true in his own experience. Dr. Hoffmann, as clinic director, gives 24 per cent., while Professor Seeligmüller gives 25. The explanation of such very exceptional percentages is probably that these two physicians are specialists for nervous diseases, and thus deal with a class in which simulation is at its worst. Professor Seeligmüller has had an unusually long and wide experience. He has written in medical journals several articles which deal directly with simulation. He says (*Medicinische Wochenschrift*, 1891, Nos. 31–34): "As most men would like to become rich without trouble, so the injured workmen would like to have a life long pension even when capable of work." He finds that before these laws came into effect the duration of the injuries was distinctly less. He compares his ten years' experience as factory physician with his subsequent experience under the compulsory insurance, and says that the

numbers of the incapables steadily increase. Again, "injuries which before were cured in a few weeks, now often require as many months, though surgical assistance and appliances are much better and more quickly applied." (*a*)

"While earlier a relatively severe hurt seldom led to the pretence of permanent helplessness, now, if possible, the workman makes claim to a pension for a far lighter hurt."

In his last report Dr. Hirsch, member of parliament and attorney of the trades unions, speaks of the demoralizing influence of the element of compulsion in the state insurance. He states that the free associations are badly off in consequence. Their reserve funds have suffered, not being able to lay aside as much as the sick law requires. The same societies, he says, that worked well and easily before the compulsory insurance now find extreme difficulty. How is this explained? All who are experienced in the management of the funds have but one opinion, says Dr. Hirsch, that the laborers who before only called for help in case of real sickness come now at every petty illness (*Unwohlsein*) and very often, especially when work is slack, they come with no illness whatever and try to get from the funds as much as possible. He maintains that the tendency among laborers is to lose the old feeling that the fund was to be protected and used only for genuine distress or need, and they are coming more and more to look upon it as an object of just exploitation.

He agrees with Professor Seeligmüller that the most serious result of the changed attitude of the laborer is a moral rather than a pecuniary one.

Such testimony as that of Professor Seeligmüller has met with bitter opposition, as from Drs. Strümpell and Oppenheim. Nor is it unlikely that he has exaggerated the evil. Strümpell says, "simulation is by no means as frequent as many doctors think." He holds that illness which often follows accidents (*traumatische Neurose*) is not so dangerous for simulation as is claimed by many.

Professor Leichtenstern, of the citizens' hospital in Cologne, expresses complete agreement with Seeligmüller. Dr. Vogel, of Eisleben, writes that Professor Seeligmüller has won the thanks of many confrères by speaking out their experience. He thanks him the more, as it requires in the physician some courage. "Today, indeed, that sort of vigorous facing of the question is not at all the fashion."

No opinion will be here expressed upon the special question at issue between Dr. Seeligmüller and his opponents. Upon the practical question of fact, however, as to whether simulation is a threatening reality, any one may convince himself not merely by the literature but even more by talking with those officials who have been longest and most intimately brought into connection with those conditions where it is possible.

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a So also Professor Rumpf of Marburg.

Probably the most important man in the actual administering of the laws for Berlin said to the writer: "You may say it far and wide, simulation is not only a great evil but the sort of evil with which we can not even guess how to cope, unless human nature is converted into something different from what we find it in Berlin." Three men, whose names were given as having had the longest and most especial experience in Berlin, confirmed in most unqualified terms the above testimony. It was the purpose of the laws to keep the groups as small and stable as possible in order to keep the "local initiative" and preserve the conditions under which evils like malingering could be controlled. It is probable that throughout the empire the groups would average less than five hundred. In the smaller and older ones the evil is of no serious proportions, but at the point where we come into contact with the greater centres of industry, especially the cities, almost every condition lends itself to such possibilities. The extremely fluctuating character of labor makes hopeless all attempts to keep the personal ties.

In a pamphlet (Leipsic, 1892) upon the accident law by Dr. Ferd Böhr, leading physician in a medical institute in Carlsruhe, Professor Seeligmüller is opposed upon the question of *traumatische Neurose*, but the author adds, as to the facts of simulation: "I will, however, by no means deny the frequency of simulation." He thinks "that the social agitation has done all in its power to embitter the laborer towards this benevolent law." He adds: "It is indeed astounding how a certain class of these people seek to sponge upon the funds under this law."

The sanitary councillor, Dr. Finke, director of a hospital in Halberstadt, writes (1890): "If it goes on in this way with simulation, in twenty years we shall have in the working centres no more able bodied laborers, but only invalids."

In 1890 Geheimrath Fiedler, leading physician of a Dresden hospital, wrote to Professor Seeligmüller: "The simulators make us also great trouble, etc."

A book just published by Dr. Becker on *Arbeits und Erwerbsunfähigkeit* repeats what several physicians have quoted of the malingerer: "He sees less than the blind, hears less than the deaf, limps more than the lame."

If the proposed extension of compulsory insurance to widows comes, as is expected, the difficulty will be rendered greater, as simulation would nowhere be so easy as in the house, especially as in this case no wages would have to be given up.

A government official in Berlin who was maintaining that simulation, though a serious fact, could be overcome, was answered by an experienced physician: "When you succeed at the green table in changing human nature you will overcome it, but not before."

In one of the more minute and special studies, *Licht- und Schattenseiten des Unfallversicherungs-Gesetzes*, by Dr. E. Golebiewski, special

physician for one of the larger building trade associations, varied and invariable testimony is given as to simulation under the accident law. It is often said (as by Drs. Hönig and Thiem) "the high school for simulation is in the first thirteen weeks," *i. e.*, under the sick insurance. In this more elaborate study we have ample proof that "playing hurt," in all its most unmanageable forms, exists to a dangerous extent under the accident law.

Dr. Golebiewski says (p. 246) that simulation has steadily increased; "the most skilled and schooled of the simulators indeed are found with the trade associations." He reports as painfully characteristic the case of a workman whom he convinced of simulating, but who replied, "Why shouldn't I have my chance, too? I have seen plenty of fellows lying off on the accident pay who were not hurt worse than I." He finds the same fact, already indicated, that more and more the workmen consider as perfectly fair game the insurance funds of the employers. He finds that they look with no disfavor on one who can make a point against the employers' association. He agrees with Seeligmüller that in the hospital of the sick fund some one is invariably found to instruct the uninitiated in every trick of successful simulation (*a*). A large number of instances is given from his own experience to show the unhappy result upon the character of freeing the laborer from direct responsibility for his actions.

This extraordinary provision of the law to make employers responsible for injuries caused by the laborer's own carelessness represents the extreme of the reaction against the older *Haftpflicht*, under which the laborer had to prove his case against a powerful employer. There were many and frequent injustices against the weaker, but what shall be said of express provisions which remove responsibility to such an extent as to make the association of employers alone answerable for accidents due exclusively to the workman's sheer negligence or fault? If he deliberately cuts off a finger, as is sometimes done to escape army service, he does not get his pay, but in innumerable cases of very extreme shiftlessness, inattention, and even bravado, the decisions have been in the workman's favor.

The principle of a distinct trade responsibility is clearly justified. It is in evidence that atrocious injustice has been done in the past by making the workmen bear responsibilities that the industry itself should have borne. It is evident, too, that more and more we shall accept the principle of social responsibility for a vast number of industrial misfortunes. Ethically and economically a redistribution of the great average of industrial misfortunes will be justified, but a nicer mechanism of apportioning risk between the individual and the trade, as well as between the individual or the trade, and society must be found. These laws are not to be condemned because they have not reached an

a In den Krankenhäusern und Polykliniken macht der Verletzte die Hochschule der Simulation durch, p. 302.

end so difficult. The attempt to distribute more fairly the inevitable ills is being made with a boldness and a fidelity which command both astonishment and admiration. It is possible that by such changes as may be made without any fundamental differences in method, evils such as simulation may be so controlled as to become no more a danger than the evils incident upon every existing law or method of reform. There are many who claim that this is now the case. The evidence, however, that has been given here, has been taken from those who have had unusual opportunities to judge and to know.

No opinion of value as to this weakness can be formed without reckoning with the powerful and aggressive influence of the social democracy. The larger cities are not only centres of a superbly organized propaganda, but this influence is every day spreading to the country and impressing its quality upon the whole mass of labor. There is such constancy of quantity in the mass of unemployed in the cities that it has been seriously suggested that these too be insured. This element lives in the atmosphere of socialistic teaching, and is quick to take on the color of its philosophy. That which is soonest learned is that they all have a perfectly righteous claim to "the funds," whether of sick or accident insurance.

A master builder in Berlin employing between three and four hundred men informed the writer "that the funds of our association seem to the workmen exhaustless. They consider it their full right to get the last pfennig out of us they can." Professor Seeligmüller substantiates this from his own experience.

In every centre where socialistic agitation prevails, such claims are put forward not only as "rights," but belated rights on which heavy interest is due. In *Vorwärts* we read: "They are giving back to us in thin slices what for generations has been taken from us in loaves." Here appears to be the heart of the difficulty which this legislation has to face. Without wide and general coöperation of the insured classes no lasting success can be reached. The authorities, whether of government, township, or trade associations, can not from above force upon the workingmen any scheme without the sympathy of those who receive the benefits.

The socialists are at every point teaching that not only the funds are the rightful property already of the laborers who created all wealth, but that neither of these laws does anything except take a single hesitating step in the right direction. These laws are fairly acceptable to the socialists, not for what they are, but for what they may become. They insist that the insurance must be far more generous and more widely extended, and that the age of receiving pensions under the third law must be greatly lowered, etc.

Is it strange that men should say to themselves: "Well, meantime I will get all I can from the funds;" and "until we control the laws for the entire benefit of the wealth creators we must secure what good

them we can?" These sentiments may be heard by any one who will take the trouble to make inquiries. It is certain that no cure of simulation is conceivable unless a very general and powerful public opinion can be formed and maintained against it.

Such opinion must, in the long run, depend upon the degree of satisfaction which the benefits of this legislation give to the laboring classes.

To the extent, at least, that socialism has an influence, such satisfaction under the present wage system is not likely to be at all adequate.

Almost the most certain thing that one can say of these laws is that they have inspired neither gratitude nor contentment of spirit. The evidence, from most unquestionable sources, is indeed overwhelming that the insured have in no sense been satisfied.

When the lessons of such commonplace results as the laws at their best can give, have all been learned, is it likely that the working classes will be more contented? The affirmative is claimed by many friends and officials. That it is possible is not denied. In the large margin of discontent, however, the special evil here considered has its roots, and must grow in some degree equal to the spirit of disaffection, which seems to justify it.

In a more recent article in the *Deutschen Medicinischen Wochenschrift*, No. 38, 1891, Professor Seeligmüller, in indicating a possible remedy, to which reference will be made later, says: "The experience that the number of simulators has steadily increased since the accident law has raised the question how this evil, in which I see a great danger for the state, for popular morals, and not less for my own profession, can be met."

The answer oftenest given as to remedies by those who know and feel the evil is "sharper control."

Not only sharper control over the doubtful cases, by isolating them where they may be watched and tested in various ways, but sharper control over such physicians as try to make their way by increasing their popularity. This is doubtless the evil to which Professor Seeligmüller refers in the words, "a great danger for my own profession."

There is too much evidence at hand that the insured will not submit to have their choice of a doctor taken away; though, as is done, the choice may be restricted to a group of doctors. No cure of this danger is so likely to succeed as the action of the majority of the profession, so far as their "councils of honor" are determined to have all their members look to the social interest rather than to their own alone. There is to that extent a cure. No other that has been suggested has promise in it.

As to remedies among the insured themselves, several proposals have been made. It was said, within two years after the sick and accident laws began their operation and when simulation showed itself in unexpected ways, "We must appeal to the workingmen them-

selves." In the discussion of van der Borght's address upon simulation, it was reported that this had been tried, "but it proved wholly ineffectual." In some places, as at Aachen, the pay has been reduced. The effect was felt, but at the grave risk of creating a dangerous amount of dissatisfaction. The commonest remedy that is proposed is to isolate those that are suspected, and subject them to long and careful watching. But most of the remedies assume that simulation is confined within a quite objective and describable limit. In the earlier discussion a list of "what could be simulated" was given, but, as between the lock makers and the burglars there is a constant race there is here a race between simulator and physician. Upon the one side is a list of hurts or sicknesses that can be put to very specific tests. Dr. Golebiewski gives several in which the simulator, by an application of electricity to feigned lameness, or by other means, can be quickly discovered. Upon the other side, however, is an ever lengthening list of hurts and ills, internal or nervous, which no skill can disclose. This is now admitted by the best physicians. In a simple case of rheumatism, who shall tell whether the carpenter or miner is fit to go to his work?

Professor Seeligmüller has made the most definite proposals, viz., that hospitals shall be erected in every province of the empire, equipped by specialists whose sole business it shall be to deal with doubtful cases. "To those injured or sick who can not bear the journey the physician is to go. The state railway is to be put to the free service of such patients and physicians." It is admitted that such institutions will create a special body of trained men. This may illustrate what degree of expense would be found necessary to the success of such a remedy.

It has been said, as to the general remedy of "sharper control," that a class of laborers out of work, or such as were still receiving sick pay, yet strong enough to do such service, might be used to watch the suspicious cases, as has actually been done in some of the miners' societies. This, of course, assumes that in the new conditions created by the imperial insurance the laborers will "tell on each other," or give in good testimony. As "the appeal made to the laborers themselves to check the evil" was found insufficient, this also would yield scant results.

Real remedies—special institutions for all questionable cases under the control of specialists who can furnish and apply adequate tests—are doubtless possible, but their expense would be such as to create a difficulty. No remedy is, however, so likely to be tried, none probably so likely to keep the evil within such manageable limits as its nature allows. Nor is a much more important result impossible. It may be that practical exigencies under these laws will force into existence institutions and tests of such a character that those who incline to take advantage of the chance which simulation gives can be separated and dealt with as a class.

If tests can be instituted, so that convincing proof can be given to the laboring class and to the public generally that in specific cases no doubt exists as to the facts of simulation, adequate measures may be taken to place such persons upon farms or in institutions where fair chance will be given to them to earn a living. If they prefer to earn only bread and water this privilege will be granted; if they care for an ampler diet they may easily earn it. The right to take such seemingly severe steps must depend upon the certainty and sufficiency of the tests. The reason why public opinion has not yet been willing to give its sanction is the perfectly justifiable fear that such constraint would, with imperfect experience, lead to cruelty and unfairness.

Even the socialists agree that constraint should be applied at once to such as will not work according to their ability. The sharp and hopeless limit which Mr. Charles Booth found in London to all charitable attempts was the existence of a class that could not be dealt with, simply because too little was known as to their deserts. Were they malingerers, criminals, or many of them honestly willing to do work that was forthcoming? When such a mass can be broken up by convincing tests one of the most radical and necessary steps in social reform may be for the first time taken. It is not impossible that the experience gathered under these laws will help toward this end.

A book has lately appeared, by Dr. Kaufmann, of the University of Zurich, *Handbuch der Unfallverletzungen*, Stuttgart, 1893, in which (pp. 59–65, 118, 130, 240, etc.,) careful consideration is given to the facts and to remedies. It appears that the frequent simulation of bad eyesight can now be put to such tests that the simulator can almost immediately be discovered. The author agrees with Dr. Thiem that the impulse to simulate, especially in case of hurts, is a constant phenomenon, but he does not consider the evil, either in its proportions or in its character, as a great or very dangerous one. By the help of remedies already indicated he holds that it may be so far checked as to be practically under control.

Against the saying, "The accident law breeds simulators," he urges that by ridding himself of all prejudices as to the amount and frequency of simulation, and dealing objectively and calmly with the case, as if there was no such question in dispute, the doctor may, by such appliances as are now at his command, reach the truth in almost every case. An authority as distinguished for fairness as for high competence, Professor Baümler, of Freiburg, says: "I have had a great deal of experience with simulation in the hospital under my charge, and that the evil is a very serious one is beyond question. I believe, however, that if the control is given into the hands of the best physicians we shall be able in time greatly to lessen its proportions."

CHAPTER VIII.

RELATION OF THE INSURANCE LAWS TO PUBLIC CHARITY.

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One of the chief reasons for the older town insurance was to lessen burden of the town charities. Among the motives of the sick law find it expressly said that this was one of the objects of the social islation.

In April 1881, Bismarck, three days before the first reading of the l, gave this opinion: "The end I have in view is to relieve the towns rishes) of a large part of their poor law charges by the establishment an institution having state support and extending to the entire pire, etc." This purpose appears frequently.

No question in this entire discussion has in many respects more fun- mental importance.

If, in spite of the enormous expense of these laws, it should event- lly appear that the burden of caring for the poor still remained as ge or nearly as large as ever, it might not be a condemnation of the islation, but it would somewhat discredit it, for reasons given under chapter devoted to simulation.

The demand to know the evidence upon this point has been such at a commission is now examining the question in great detail. A ort was to have been given at the congress in the autumn of 1892, at rlitz, but the cholera led to the postponement of the congress.

It is possible, therefore, to give only the evidence that has been col- ted from some sixteen cities, together with opinions of experts upon question. Few have maintained that charity would be wholly done ay with by these laws, though some of the more optimistic friends ve expressed confident hopes that such would be the case. Dr. Rum- lt thought it important to understand from the beginning that for rtain "bad cases, large families, special cases of unavoidable indebt- ness, etc.," the common charity must remain permanently.

It is true that opinions differ as to the part the insurance legislation is meant to play in relation to charity. It is said by many at present, by President von Reitzenstein, that even if the burden of charity mains the same the insurance laws will justify themselves for their od effects upon such portions of the population as they reach. haeffle insists that the doing away with the charity burden must not considered a prime object.

It is to be borne in mind that these laws give, in sharp contrast to arity, a public legal right to help. As the social causes of poverty

and misfortune have been made prominent, the conception of individual blame for such misfortune has had less and less emphasis. Precisely the same line of argument that has been used in England recently in discussing the proposed old age pension scheme was, in Germany, not so much used as assumed in the discussion. It was new in England for men like Chamberlain and Sir John Gorst, Professor Marshall, Moore Ede, and Charles Booth to challenge both the truth and the justice of the old poor law doctrine, viz., that those who came to the workhouse should understand that a stigma attached to their poverty. This doctrine succeeded so well that a very powerful public opinion was formed which fell with a blight upon whole classes for no other reason than that they were poor. Little distinction was made as to the causes of poverty, it being rather assumed that the individual was to blame for his condition and deserved the consequences. The vast fact of social and industrial causes of poverty was lightly considered in this philosophy. The indignant and almost sudden reaction in England against this conception of individual blame, and the bringing into relief of the industrial and social causes, has a significance hardly to be exaggerated. The politician, economist, statistician, and charity expert all unite in this new thought, that the basis of responsibility must be changed, or at least wholly readjusted, and the burden of misfortune distributed anew. Whether by the statistician Booth or politicians like Morley, Balfour, and Chamberlain, one thought asserts itself, that a variety of social and industrial evils exist which are, in themselves, a powerful and active cause of poverty.

This insurance legislation in all its forms is a recognition of this fact. It took form in Germany first, not only because of the unrest which socialism expressed, but because the conception of industrial misfortune, as something more than an individual matter, was so widespread and so much at home in the German theory of the situation that only an adequate occasion was required to give it effect in legislation. The enormous influence of socialist writers, not only upon economists, but upon many politicians of note, had an immediate and radical influence upon the whole theory of charity. The uniform contempt of socialist writers, without exception, for charity as a remedy for social ills has spread widely and reached many influential sources. One of the best experts in charity, both in its theory and practice, Dr. Flesch, of Frankfort, took sides with the socialists at once when the employers proposed to stand out against contributing one-third of the contribution to the sick fund.

These laws, therefore, not only admit the public right to help in misfortune, in a distinctly different sense from what was true of the traditional charity, but boldly propose to make the old charity unnecessary, or unnecessary to a very large extent.

The ablest friends of this legislation have expressed the most confident opinions as to the results of the laws in doing away largely with the existing *Armenpflege*—care of the poor.

As the first law has been in operation hardly more than nine years and the second about eight, while the third has been in activity but two years, it may be said that far too little evidence exists as yet either to prove or to disprove any important conclusion about results. From the very fact, however, that a large number of inquiries have been made and an elaborate investigation is at the present moment on foot, it would seem that results favorable or otherwise might, from the sick and accident laws, be already looked for.

Dr. Emil Münsterberg writes, October 20, 1892 (Münsterberg, Böhmert, Aschrott, and Flesch are among the most eminent authorities upon charity in Germany):

My opinion is that the social legislation has already had a favorable result in lightening the burden of the poor fund, both direct and indirect. The indirect result is the most important, because many persons have recovered their health in consequence of the timely granting of money from the sick fund and medical treatment, and have thereby become capable of working again. These persons would otherwise have been much longer under medical care, and hence for a longer time unable to support their families. Hereby it follows that the number of widows who are in need of assistance in consequence of the death of their supporter is lessened. Besides, the poor fund is freed from the necessity of caring for those persons who get their sick pay from the sick fund.

That, in spite of this, the burden of the poor fund does not seem at the time to be very considerably lightened must be laid to different causes. Firstly, as a rule the majority of those who are supported, about 60 to 70 per cent., are widows and orphans. There is at the present time no insurance to cover these cases. Secondly, a very large number of persons who have no steady employment do not belong to any sick insurance. Thirdly, the administration of charities takes much more trouble than formerly to create good organizations, hence it follows, especially in great cities, that the total expense is greater, even when the number to be supported is smaller; for instance, there is a great deal done for the care and education of orphans. Fourthly, the working of the sick insurance can only in the course of time be of value, because the longer duration of life for the insured can only gradually have any effect in lessening the numbers of widows and orphans.

The accident insurance also works favorably for the poor fund, because those who are injured, or those who are left, who were dependent upon them, receive a steady income. The invalid and old age insurance also works favorably. I set the number of persons who have hitherto been supported from the poor fund and now receive a pension from the invalid or old age insurance at 35 per cent. of all those who are supported.

Freiherr von Reitzenstein, who is president of that German union of charities which in America would be the national conference of charities, expresses strong confidence in the tendency of the laws, especially the last, to lighten the charity burden. He doubts, however, if the time has arrived when any adequate proof whatever can be brought to show that a favorable result has as yet actually followed. He agrees with Dr. Böhmert that it would be better to postpone all attempts to bring such proofs until far more careful investigations have been made.

Judge Aschrott writes in October 1892:

I can only give my personal opinion that by the insurance laws quite a good deal of the burden on the town charities has been taken off everywhere. On our inquiries in that respect, we got a number of letters from poor law authorities in the various towns and cities, all agreeing that there has been a great change in poor law expenditure since the insurance laws, especially in the direction that the number of outdoor paupers has diminished. I think that the statistics given by Dr. Freund in his report to the Charity Society shows this clearly for Berlin. For other cities we have not yet exact statistics, but I hope that the inquiry which will take place by the commission for testing the effect of social legislation on the charity fund will produce exact evidence.

Professor Victor Böhmert, head of the imperial bureau of Saxony, during twenty-five years in constant and active relations with charity work, gives it as his opinion that these laws already show a distinctly favorable tendency to lighten the charity burdens. Dr. Böhmert acknowledges that very scanty actual evidence is at hand to prove these results.

A talk with a bookkeeper in the city office of charities in Dresden elicited the opinion that no such results could be shown by appeal to the record of expenses.

This testimony has been given in three cities by those whose knowledge of the accounts was most intimate.

The mayor of Freiburg, Baden, (50,000 inhabitants) believes that a favorable result can be shown by the figures. He points for proof to a city hospital in which the expenses have fallen in consequence of this legislation several thousand marks. In the last report of the council for the poor the entire expense in this institution has fallen from 26,422 marks ($6,288) in 1885 to 15,847 marks ($3,772) in 1891.

As stated in the report, the ground for this decrease may be found chiefly in the beneficial working of the sick insurance law.

A report from Hamburg gives, with some uncertainty, the opinion that a good influence has probably been exerted. Dr. Münsterberg, who is now reorganizing the charity work in that city, writes privately to the effect that if the facts were known, good results could be shown. He must not be understood by this to imply that any exact evidence could be shown.

The decrease of the "country poor" in Saxony, from 5,826 in 1885, to 5,749 in 1888, has been attributed by some to the influence of the sick law chiefly. A report that has just appeared (1891–'92) from so well governed a city as Hanover, shows the kind of increase in the city burden which is admitted to be alarming. In 1879, 160,000 marks ($38,080) were spent for charities by the city, in 1889–'90, 291,784 marks ($69,445) were necessary, in 1890–'91, 326,125 marks ($77,618), and in 1891–'92, the sum of 335,900 marks ($79,944), or 28,388 marks ($6,756) above the estimates.

If the growth of population, the higher standard of living among

the poor, and any other exceptional circumstances be taken into the account, it seems impossible to suppose that the insurance legislation can have in Hanover produced important results in lessening poverty. Dr. Böhmert's *Volkswohl* reports from Leipsic for the last winter: "The city charity will be 90,000 marks ($21,420) more expensive than was expected. The reason is in part the large number out of work, the severe season, and the greater expense of living. There is no sign as yet that the social legislation has lessened the burden."

Inquiries made two years ago in four counties about Erfurt brought almost no evidence of a lessened poor rate. A report from the chamber of commerce (Erfurt), 1889, confirms this statement. Nordhausen makes the same report. Sangerhausen (12,000 inhabitants) reports that thus far no direct results can be observed, but the hope is expressed that the old age and invalidity law may show better results.

Reports from several cities of above 10,000 inhabitants are as follows: Neustadt, a slight improvement, though uncertain whether this is caused by the insurance laws; Glogau, the charity burden (always taking account of changed population) has not been lightened; Königshütte, Lauban, and two other cities feel an improvement which is traced to this legislation.

In each of these cases it may be plausibly maintained that with a rising standard of living the increase of grants per person only represents the recognition that the poor should have a better and, therefore, a more costly care. Professor Böhmert would seem to draw this conclusion, though very cautiously. In four Silesian cities in which the reports are "favorable to the new social legislation," it is certain that several other causes could be indicated which would account for the slight improvement. In Freiburg it is, for instance, admitted that the changes made in the Elberfeld system (by adding paid visitors) have produced marked improvement. Administration is, in every case, of such prime importance that any system, whether the English workhouse or the Elberfeld method, is secondary in influence.

An important report from Cologne, 1890–'91, after showing the great expense of the sick and accident laws, adds:

> It is striking that, in spite of these large sums, the expenses for charity purposes have not decreased in any corresponding degree (*Keineswegs in irgend einer entsprechende Weise*). The work and costs of the charity administration have even considerably increased under the social legislation, because now at every request for charity there must be examination how far the claimant is aided or might be aided under the insurance laws, and this causes a great deal of extra work.

Berlin has in this respect caused much heated discussion. The conditions of a capital with nearly 1,700,000 people are too complex to make any confident conclusion about the relation of the insurance to charity at all trustworthy. The evidence is, however, significant. The population increases nearly 60,000 yearly, and large numbers of

the young and strong are attracted thither, yet the reports show that the expenses increased, in 1890–'91, 12.24 per cent. as compared with the previous year, or if we take a longer time for comparison it appears in 1881–'82 that 6,061,746 marks ($1,442,696) were paid for those forms of charity which come under discussion in considering the effects of the insurance laws; in 1888, 7,817,764 marks ($1,860,628) were paid; and in 1889–'90, 8,242,041 marks ($1,961,606).

Dr. Freund, a warm friend of the insurance laws, and a high authority, states expressly in a recent pamphlet upon this relation between the laws and charity, that it must be admitted that the charity burden has not only been absolutely but relatively augmented. He insists, however, that the influence is nevertheless favorable. His ground for this opinion seems to be that the mass of the poor, as a result of the insurance, is better and more adequately cared for.

This brings in considerations that somewhat confuse the argument, as it has been vigorously maintained that the actual pecuniary burden would be diminished by these laws.

A diminution of paupers in proportion to the increasing population can be shown. In 1886–'87 every fifty-fifth civilian was aided. In 1890–'91 every fifty-eighth. It can be proved here, too, that the aid given is larger per person. A tendency is showing itself to limit more stringently the power to go and come at will, in such way as to check the coming of such persons into Berlin as are unlikely to earn their own living; also to send away such persons into the country or districts from which they came. Those who disbelieve in the good effects of the laws upon charity affirm that the lessened ratio of paupers is partly accounted for by the coming to the city of a younger and stronger class.

The man who has the chief authority in the administration of these laws in Berlin assured the writer very positively that no relation could possibly be shown between any better results and the laws of insurance.

The careful study given to this question in Frankfort by Dr. Flesch, probably the best known authority upon this question in that city, shows that an improvement has in many respects appeared, but he admits that any tracing of this to the insurance legislation would be reasoning upon the most doubtful premises, as very important changes were introduced contemporaneously with these laws, which might account for the actual diminution in certain branches of the charity work.

This mass of evidence, imperfect as it is, makes it possible to say with much confidence (1) that at this stage in the development of the insurance laws no adequate body of pertinent facts can be appealed to which proves that the actual burden of charity has been lightened by this legislation; (2) that it would be unjust to the legislation to discredit it for not having produced such results at this date.

It is a common criticism of the Germans against the English poor

law view of charity, as well as of the more prevalent English attitude toward the question, that the attempt to prove a method good or bad according as it is cheap or dear pecuniarily is a false one. One of the prominent German writers upon charity says: "We find the English so inclined to measure every scheme by money costs—as if no other considerations had any place in the question—that it seems to us a serious ignoring of those factors that are at least as weighty as any material ones." Reference is here directly made to the social and ethical factors upon which the Germans lay such stress in their entire scheme of social betterments. It can not thus be said in the least to disprove the beneficial effects of these laws upon charity, because the burden as expressed in marks has not been lightened. If as a direct or indirect result of these laws a new spirit has been infused into the question of institutional and administrative reforms among the less fortunate classes; if attention is directed to new wants or more definitely and intelligently directed to old ones; if the general standard of caring for these needs is raised in the community,—these results, although they cost far more, may be an improvement of the greatest significance.

There are in most German cities many and distinct reasons to believe that such indirect results are beginning to show themselves.

It is vital to remember that a large class of wants are being recognized now that the older charity did not meet nor attempt to meet. The acceptance of charity was accompanied by a social disgrace which large numbers of people could not face. They preferred to suffer in silence or to live pinched and meagre lives. Under these laws the working classes pay their proportion and may receive pensioned aid with as little loss of dignity as those among the higher officials who are pensioned. This new influence so works as to react powerfully upon the methods and the administration of charity proper. Such use of the best medical aid as we saw gaining ground under the trade associations, simply because it pays to have the best, is found to influence in turn other institutions and older methods that have been too content with cheaper and meaner measures.

A change that is in its nature profoundly radical is showing itself in several other European countries. The objects of public charity are seen to have been dealt with in a promiscuous and unweeded mass, where worthy and unworthy alike have been so handled that the worthy were degraded and the worthless unreformed. As in the old prisons before the reforms, men and women, young and old, first offenders and hardened criminals were all herded together, to the irreparable hurt of those who might have been helped into self sustaining conditions under a different classification and with different treatment, so in much of our public charity whole masses are brought under a common category as objects of charity. In this mass may be variations of condition and character as wide as in the older prisons, yet all alike

must receive charity with all that is implied by that word before the present public opinion.

The Germans more than any other people have helped us to see the bearings of this question. They have analyzed the forces, economic and industrial, which act from afar, although powerfully, upon the individual worker and his family in a world market where his security may at any moment be endangered by new forms of competition, by crises, or by unwholesome conditions in which the laborer must rear his children. Here are influences which may be good for society at large, in cheapened products, while some small group (like several branches of "house-industry," at the present moment in Germany) may sink slowly into want that must be met by charity. Schaeffle's earlier proposal to institute some form of insurance for certain classes out of work was at first ridiculed. It has now the support of some of the most competent minds in Germany and is certain to have more. This is only mentioned to illustrate how the problem has been met and why it has been found both necessary and just to organize forces which should break through this mass, lifting the unspoiled into hopeful relations, while those from whom little could be expected might be treated by themselves. Where this line of cleavage will fall none can tell. It is now the settled policy of this whole scheme of social legislation (of which the insurance laws are but a part) to make an attempt at such breaking up of this mass in order that the stigma, which society insists upon putting on those whom it supports, shall mark only those who will not avail themselves of offered chances to earn a livelihood. Difficult as such classification is, the ideal it imposes is humane and just.

Every approach to it will be attended with large expense, not only of money, but even more of organized social effort.

It is in this larger variety of expensive effort, which must result from the example of this insurance system, that we may find the real explanation of an undiminished charity burden. Three facts show us the dangers which this great experiment must face: (1) The experience given in the section devoted to "playing sick;" (2) the rapid growth of the larger cities in which so much of the determining part of this legislation must be carried out; (3) the risk that is run under such conditions that the spirit of self help will suffer.

The hopes expressed, chiefly for the indirect influences of these laws, have taken careful account of these perils.

CHAPTER IX.

GENERAL DESCRIPTION AND RESULTS.

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A condensed statement of the three laws, their purpose, organization, etc., together with tables which show the plan and total results of compulsory insurance in Germany, constitute this chapter.

Both this summary and the tables, with the exceptions noted, were prepared by the imperial insurance bureau at Berlin, under the supervision of Dr. Zacher, for the World's Columbian Exposition at Chicago. Permission has been given to include them in this volume. They are interesting, not only as the latest and most accurate statement, but the summary contains valuable suggestions that may meet some objections that might arise against the general scheme sooner, perhaps, in America than elsewhere.

THE SICKNESS INSURANCE.

The first of the social political enactments was the sick insurance law of June 15, 1883, which regulated the reform of sick relief in its relation to the insurance against accidents. For these two branches of insurance supplement each other, and—quite unlike mere poor law relief, which aims only at upholding the existence of the individual—are designed to provide relief in case of sickness or accidents, and to compensate for lost wages during the time of disability to work. On the principles of previous legislation, which trusted chiefly to the good will of interested parties, barely one-half of those who needed it were in a position to profit by this aid and relief.

This state of things necessarily led to the introduction of compulsory insurance, which in the first place was by law made obligatory on all workmen employed in mines, quarries, factories, or other industrial concerns and on managing officials (with yearly salaries up to 2,000 marks ($476) and whose circumstances are nearly alike) in so far as this obligation might be found generally necessary and practicable. In the second place, it was permitted to establish a statutory obligation of insurance on the part of the community (township) for those groups of trades and callings—such as so-called home industrials (small masters and mechanics working at home) and agricultural laborers—where the above mentioned necessity is entirely dependent on local circumstances.

The foundation and first condition of compulsory insurance is dependency on an employer, so that persons carrying on a business of their own are generally exempted. But the law concedes to all exempted

workmen and officials, as well as to servants, the right to participate voluntarily in the benefits of the insurance.

The supplemental measure of April 10, 1892 (taking effect January 1, 1893), with the intention of bringing the sick insurance law into harmony with the other insurance laws (against accidents, invalidity and old age) which in the meantime had received the sanction of the government, has widened still farther the range of insured persons. Thus persons engaged for wages or salaries in commercial firms, in the offices of attorneys, notaries, bailiffs, sick clubs, trades' associations, and insurance institutions were made liable to the general and agricultural officials to the communal (township) compulsory insurance. Furthermore, all the exempted, whose yearly earnings do not exceed 2,000 marks ($476), were admitted to the communal voluntary insurance.

As regards the mode of carrying out the insurance, the fundamental aim and object of the law is mutual insurance based on self administration. The insured are to be classed in corporate associations whose members belong to the same trade or calling, where the risk of sickness is about alike. This organization greatly facilitates self administration, and while it exercises a healthy and moral influence on the members in their intercourse with one another, it will make simulation more difficult and the indispensable control easier and more effectual.

Quite contrary to the insurance against accidents, the sick insurance is restricted to local organization, since here cases of less importance are continually occurring in which relief, to be efficacious, must be prompt.

In consequence of this the law, without interfering with existing institutions, has authorized, besides the voluntary sick clubs, which every one is at liberty to join, the formation of the following obligatory sick associations:

(1) The local sick clubs to be established by the communities (townships) for the branches of trade within their limits.

(2) The industrial (factories') sick clubs erected by proprietors of larger factories.

(3) The builders' sick clubs, which contractors of buildings are bound to establish.

(4) The guilds' sick clubs, founded according to the national German trades' regulation law.

(5) The miners' sick clubs, formed in accordance with the mining laws of the several states of Germany.

(6) The subsidiary communal (township) sick insurance, which, strictly speaking, is not a sick association but a communal institution comprehending all those who are liable to insurance but who belong neither to a voluntary nor to an obligatory sick association.

Between all these organized associations the right of changing one's membership in case of removal is recognized, *i. e.*, all newly admitted persons have neither to wait a certain time until they can obtain the benefits warranted by the law nor to pay an entrance fee. As the guilds' and the miners' sick clubs are accessible only to certain avocations, as the builders' sick clubs are available only for workmen in temporary employment, and as the independent sick relief clubs rest on the voluntary principle, it follows that the law has its main bearing upon the local and the industrial (factories') sick clubs, which embrace the majority of all the associations and persons insured.

The great purpose of the insurance is to secure to the insured an ever certain and sufficient relief in case of illness during at least thirteen weeks.

The minimum of relief to which all the insured have a legal claim includes—

(1) Free medical attendance and medicine from the beginning of the illness; likewise spectacles, trusses, bandages, etc.

(2) In case of incapacity for work, from the third day of the illness, for every working day a sick pay, amounting to one-half the daily wages on which the contributions have been based, or else, in special cases, free admission to a hospital, together with half the sick pay for the family.

Besides this assistance the obligatory insurance grants—

(3) Burial money amounting to twenty times the average daily wages; and

(4) Sick relief to women during four weeks after confinement.

The money value of this assistance is considered equal to three-fourths of the average wages upon which the calculation is based. The law, however, admits of a supplementary insurance up to the full amount of the average daily earnings of the insured. It also authorizes the association to extend the assistance given even to relief for an entire year (instead of thirteen weeks), and for women to six (instead of four) weeks after confinement. The daily sick pay may be raised from 50 to 75 per cent., and the burial money from twenty to forty times the average daily wages. Sick allowances may also be paid for the first three days of the illness, as well as for Sundays and holidays; and finally, the relief may be extended even to the other members of the family and to convalescents.

The contributions of the insured are limited by the law (independent clubs not included) in the communal sick insurance to from 1 to 1½ per cent. of the usual local daily wages of ordinary laborers, and for the rest they must not exceed from 2 to 3 per cent. of the average daily wages of that class of workmen for whom the club has been formed. The law binds the employers, when depositing the contributions of their workmen, to pay themselves a sum equal to one-half the contributions of the employed, so that two-thirds of the whole are furnished by the workmen and one-third by their employers.

The costs of management, which latter, comformably to the principle of self administration, is mainly placed in the hands of the workmen, aided by the coöperation of the contributing employers, under the supervision of the authorities, are paid by each club for itself. In the communal insurance they fall on the community (township), and in the industrial and building sick clubs they are borne by the employers.

The further extension of the German national sick insurance to agricultural laborers and to servants is not yet realized, but even now there are insured about 8,000,000 of persons, and upwards of 100,000,000 marks ($23,800,000) annually are expended in Germany for sick relief alone.

THE ACCIDENT INSURANCE.

As with sickness so in the case of industrial accidents, the previous legislation proved inadequate to secure an indemnity to the workman. The common law granted no compensation in the frequent cases where persons were killed or wounded either by chance or through their own want of caution. If a man suffered by the malice or carelessness of another person, only the immediate author of the disaster—usually a fellow workman or an overseer—could be called to account, but not the

employer. Thus the sufferer or his survivors could rarely obtain a fair compensation, for, even when a law court decided in their favor, they generally had to go away with empty hands, in consequence of the poverty of the responsible party.

These evils led to the liability law of June 7, 1871, which imposed on the employer a personal responsibility for accidents occurring in his business, and particularly for the negligence of his managers.

The employer is, therefore, bound to compensate fully the detriment arising from the death or bodily injury of a person in the following cases:

(1) In railway accidents, when he (the employer) can not show that the injured suffered by his own fault, or by circumstances beyond the control of the employer.

(2) In other cases (such as may happen in mines, quarries, excavations, or in factories) when the injured, on his part, can show that either the employer or his officials were in fault.

Although this law was a step in the right direction, it had not the desired effect. The heavy burden of proof laid on the party seeking redress almost frustrated the beneficent intentions of the measure. The limitation of responsibility to cases in which the blame rested with managers or overseers, left uncovered not only cases originating from personal fault or neglect, but, likewise, that large class of injuries caused by chance or fellow workmen. The inability of the responsible parties to pay an indemnity often compelled the applicant to fall back upon public charity, and the increasing number of lawsuits seriously embittered the relations between employers and employed.

This experience corroborated the conviction expressed in the emperor's message of November 17, 1881, that it is the imperative duty of a Christian state, by means of positive enactments, to care for the helpless element of the population, and to secure to them, when partially or totally disabled in the pursuit of their calling, such a provision as will protect them from being thrown upon public charity. For this reason the principle of redress by private litigation must be abandoned in favor of an insurance based, like the sick relief insurance, on public law, binding employers to care for the employed or their families in case of accidents; for, as these casualties are necessarily incident to the undertaking, the compensation for injuries must be regarded as a part of the costs of production. Considering the serious difficulties to be surmounted, with no precedents to be guided by, legislation could advance only step by step in this matter.

The first accident insurance law, of July 6, 1884, dealt chiefly with industrial enterprises, but served as the basis for subsequent measures with a wider range.

This law makes insurance compulsory for workmen and officials with salaries up to 2,000 marks ($476) per annum in all industries already liable to damages in cases of accident, and furthermore where the production is carried on by hand with the aid of machinery, and, likewise, for some branches of the building trade. By statutory regulations the obligatory insurance may be made to include industrial officials with salaries above 2,000 marks ($476), and the privilege of joining the insurance may be granted to the employers.

The insurance is carried out under the guarantee of the empire, on the mutual system, by the employers united in trades' associations, which may embrace the different branches of industry in certain districts, or in the whole empire.

These trades' associations enjoy the character of legal persons and a perfect self administration, which they may decentralize by forming "sections" and by appointing "confidential agents."

The object of the insurance is to secure compensation for bodily injury or for death, in consequence of an accident to the workman whilst working for his employer, injuries sustained on other occasions being excluded. As a matter of course, the injured man must not have brought about the accident purposely. The compensation includes the cost of the cure, and in addition a fixed allowance during the period of incapacity for work, or in fatal cases burial money and an allowance to the survivors (widows, children, parents) from the day of death. When the injured person is totally disabled, the compensation amounts to two-thirds of his average year's earnings; if only partially incapacitated for work a fraction of this amount—for survivors also—will be granted. For the first thirteen weeks after the accident (the so-called waiting time), the sick associations, or in their absence the employers, have to step in; and from the beginning of the fifth week the sick pay is to be raised, at the cost of the employer, to at least two-thirds of the standard wages.

In the interest of an equal and suitable treatment of sufferers from accidents, the trades' associations are, however, legally authorized either to commit at their own costs the care of the injured to the sick associations beyond the thirteenth week, until a complete cure is effected, or else they may undertake themselves the charge of the patients at any time during the first thirteen weeks, with the understanding that their outlays of sick pay shall be refunded by the sick associations.

The amount of the compensation is fixed, after a police investigation, by the organs of that trades' association in whose district the accident happened. Against this decision an appeal may be made to an arbitration court, composed of two members of the trades' association, two representatives of the insured workmen, and a presiding magistrate. This court is invested with the character of a special court of law; in more complicated cases an appeal from its verdict may be made to the Imperial insurance department.

The payments of compensation are advanced upon orders of the directing board of the association through the post offices, which advances, at the close of the financial year, have to be refunded by the board. To cover the advances named, the management expenses, and the fixed rates of the reserve fund, the members of the associations will be assessed in such way that only the actual expenditure of the past year, and not the capitalized value of the annuities, will be raised. Thus every employer contributes to the burdens of the year in proportion to the risks to which he exposes his association. These risks for each separate establishment will be determined by a distribution of the various occupations over the several classes of a danger tariff to be drawn up by the association, and in proportion to the amount of wages and salaries paid out.

As it is evident that both the trades' associations and their individual members have a strong interest in diminishing the chances of accidents, the law confers on the associations the important prerogative of prescribing regulations for the prevention of accidents. Through these regulations the employers can be compelled, under penalty of higher assessments, to adopt the necessary measures for safety; but also the workmen may be forced by fines to follow these rules. Of the sixty-

four trades' associations, fifty-six have already introduced such a list of rules, and appointed one hundred and fifty-seven superintending engineers; while the agricultural associations will obtain, in the now nearly completed statistics of accidents among agricultural laborers, the basis for similar rules.

As regards the participation of the insured workmen in the organization of the trades' associations, they are neither members of the associations, nor have they to bear any of the corporate burdens. They have, however, to take on themselves a portion of the aggregated liabilities caused by accidents, in so far as, together with the employers, they contribute to the sick relief clubs, to which, for practical reasons, the care of patients during the first thirteen weeks of the illness will be left. But the statistical calculations bear evidence that the contributions of the workmen to the accident insurance are in an inverse ratio to the contributions of the employers to the sick relief insurance; for while the workmen, on their part, bear only 11 per cent. of the entire burden for accidents, the employers have to contribute three times as much (33⅓ per cent.) to the sick relief insurance. From these reciprocal relations it follows as a necessity that the employers should participate in the management of the sick associations, and that to the employed in their turn must be conceded a share in the administration of the accident insurance. Accordingly the law permits representatives of the workingmen (chosen by the directing boards of the sick relief clubs) to take a part in the police investigation of accident cases, and in the discussions of preventive regulations, as well as in the proceedings of the arbitration courts and of the imperial insurance department; on all these occasions the workmen enjoy the same rights as the representatives of the employers.

The imperial insurance department is the supreme court for all that has reference to organization, administration, and judicature. It is composed of permanent members—a president appointed for life by the emperor on recommendation of the federal council, and several higher officers similarly appointed—and of temporary members, namely: four delegates to the federal council, and representatives of the employers and employed in equal numbers. Two judiciary officers are added to decide the more important cases, such as appeals to the imperial insurance department and the settlements or adjustments of claims in the case of changes in the composition of trades' associations. For some of the federal states, special state insurance offices have been established.

With reference to the relation in which the general insurance law stands to the personal liability, from which now the employers of industrial labor and their officials are relieved, it must be stated that these employers or officials in every case where they are convicted of having caused the accident, either by intention or by negligence, are obliged to make up to the injured person (or to the survivors) the excess of the awarded indemnity (if any) above the amounts under the accident insurance law; but to the trades' associations or the sick relief clubs, which are in the first place bound to make the payment, they will be held responsible to the full amount. Third parties, on the other hand, remain, as before, liable for the whole extent of the damage, and have to refund the compensation, already paid, to the associations, and not to the injured (or survivors) already indemnified. Nevertheless relief societies, charitable unions, and the like are still bound to furnish the same aid and relief as heretofore, although reimburse-

ments will be made by the trades' associations of that portion of the assistance which these latter are pledged to afford under the accident insurance law. From this it appears that the accident insurance law gives working people, instead of the former very problematical claims, a sure and certain compensation in cases of injury by accidents, even when the injury was caused by their own fault. This arrangement ends once for all the so frequent and exasperating litigation between employers and employed for compensation claims.

By the law of May 28, 1885, on the extension of the accident and sickness insurance, these laws were made to embrace the great institutions of the inland carrying traffic by land and by water, including the administration of the post, the telegraph, the railways, the army, and the navy. This extension, which is essentially based on the original law of July 6, 1884, places the insurance, as far as the government institutions among the above named are concerned, directly, and without the intervention of trades' associations, in the hands of the empire or the respective federal state.

The next law—that of March 15, 1886—which treats of the provisions for state officials, military officers, and soldiers in case of accidents, is more closely connected with the pension than with the insurance legislation, since it grants to all officials of the empire, occupied in works subject to the accident insurance, a compensation for injuries therein sustained, in the form of a state pension. In the meantime several of the German federate states have followed the example of the empire, and in a corresponding way settled the provision for their officials in cases of injury by accidents.

In the same year was promulgated the law of May 5, 1886, treating of the application of the accident and sickness insurance to persons engaged in agriculture and foresty. This law, based in its essential provisions on the original law of July 6, 1884, permits of the extension of compulsory insurance also to small farmers (with yearly earnings not exceeding 2,000 marks ($476), and in a special supplement it accords certain facilities for the extension of compulsory sick insurance, by state law or statutory enactments, to agricultural and forest laborers.

In consideration, however, of the less complicated nature of agriculture and foresty, certain deviations from the original law were found to be indispensable, more particularly with regard to the organization and management. Thus, in consequence of the prevalent uniformity in agricultural pursuits, the districts of the insurance association adjust themselves to the political boundaries of county, province, or state. The current administration, so far as it belongs to the directing board, may be trusted, by conventional or state law provisions, to organs of the political self administration (such as county or provincial committees) or to magistrates. For the annuities, the actual earnings of the injured are not to be taken as the basis of calculation, but the average rate of wages for agricultural laborers, to be fixed by the higher administrative authorities after consulting the local authorities (separate estimates being made for male and female, for young and adult laborers). It may further be ordered in a statutory way, that persons whose earnings have usually been paid in kind shall draw their annuity in the same form.

The contributions too, may be assessed, not according to the number of hands employed, but on the basis of direct taxes (especially the land tax), and small proprietors may be partially or totally exempted. The remaining deviations from the original law have for their object a sim-

plification of the management, but leave its fundamental provisions intact.

In the next year (1887) the building and the marine accident insurance laws of the 11th and 13th of July respectively were established. While the latter law, on account of the many peculiar circumstances inseparable from navigation, forms like the agricultural accident insurance law, a special code in itself, the building accident insurance law, as well as the insurance extension law of May 28, 1885, represent only supplements to the original law of July 6, 1884.

The builders' accident insurance law embraces building branches which had remained uninsured, in particular the deep building (excavating, making pits, wells, etc.) and the so-called regie-building (without intervention of contractors). For the deep building a single trades' association (*Tiefbau-Berufsgenossenschaft*) embracing the whole empire was formed, and its insurance was regulated according to the provisions of the original law; but as these building works are of a shifting nature it was found expedient to adopt a charge on capital in place of the assessment. To provide for the regie-building, special insurance institutions are established, as appendages to the several building trades' associations, to which the master builders contribute premiums according to the extent of their works.

The 64 industrial trades' associations are distributed over the several branches of industry as follows: Building trade, 14; textile and iron (steel) industry, 8 each; food and beverages, 6; wood industry, land and water transportation, 4 each; earthenware (such as potteries, brick works, glass works), 3; paper, metal (fine and ordinary) and mining, 2 each; finally, fine mechanics (such as opticians, etc.), chemical, gas and water works, printing, leather, clothing industry, and manufacture of musical instruments, 1 each.

The accident insurance will shortly be completed by its extension to handicrafts and small trades, to home industry and commerce, with about 1,000,000 concerns and 2,000,000 of the employed; so that all the workmen on wages, and the other classes of similar standing with not more than 2,000 marks ($476) a year, such as industrial and agricultural managers, commercial clerks, and small employers, will reap the benefits of the accident insurance laws.

THE INVALIDITY AND OLD AGE INSURANCE.

The invalidity and old age insurance is intended to secure to persons employed for wages or salary a legal provision in cases not covered by the sickness and accident insurance laws. The invalidity and old age insurance law of June 22, 1889, subjects to compulsory insurance (from the completed sixteenth year of age): (1) all persons working for wages in every branch of trade, apprentices and servants included; (2) managing officials and commercial assistants (clerks and apprentices) with regular year's earnings up to 2,000 marks ($476). The obligation to insure may also be extended (by order of the federal council): (3) to small masters (with only one assistant workman), and (4) to so-called home-industrials (irrespective of the number of hands employed); otherwise these small employers are allowed to join voluntarily the insurance. Such persons, however, as have either given up or for a time laid aside an occupation involving compulsory insurance, possess the right to continue or renew the insurance by paying voluntary contribu-

tions. This right will be forfeited only when during the four consecutive calendar years contributions for less than forty-seven weeks (one contributory year) have been paid.

Exempted from compulsory insurance are: (1) the officials of the empire and the federal states, as well as communal officials entitled to pensions; (2) soldiers who in service are employed as workmen; (3) infirm persons permanently incapable of earning one-third or less of the usual local daily wages of an ordinary laborer; and (4) persons who receive only a maintenance (board and clothing) in lieu of wages.

The object of the insurance is to give the insured a legal claim to a pension for invalidity or old age. Besides this, it confers a right to the refunding of contributions (in so far as paid by the insured, during at least a space of five years) (1) in favor of women who marry before obtaining an annuity; (2) in favor of widows and orphans (under 15 years of age) of such insured persons as die before the annuity becomes attainable. Finally, a sick relief may be granted to sick persons, not covered by the imperial sickness insurance law, in so far as, in consequence of the illness, a claim for an invalid pension, by reason of incapacity for employment, is to be apprehended.

The pension for invalidity will be granted, irrespective of age, to every insured person who is permanently disabled, that is to say, who is no longer able to earn even one-third of his average wages, reckoned according to certain fixed principles; and also to persons not permanently disabled, but who for an entire year have been unfit to work, during the remaining period of their disability. Thus, the invalid pension offers a compensation for the loss of capacity to work. Besides the proof of the disability (not purposely caused) a waiting time of five contributory years is requisite, to obtain the pension. A contributory year consists of forty-seven contributory weeks, which however may belong to different calendar years. As a minimum, therefore, contributions must have been paid in 5×47, or 235 weeks in all.

The pension for old age will be granted without proof of disability to all who have completed their seventieth year. It forms an addition to the earnings of old, but not incapacitated, working people, and makes some amends for the diminished vigor of age. The waiting time here comprises thirty contributory years, so that for 30×47, or 1,410 weeks contributions must have been paid before the insured can enter upon the enjoyment of the pension.

Attested periods of illness and military service, as well as other interruptions in regular employments (up to four months), will be reckoned in the waiting time for both annuities.

The money to pay the invalidity and old age pensions is furnished jointly by the empire, the employers, and the employed. The empire contributes to each annuity the fixed amount of 50 marks ($11.90) per annum, and pays the contributions of the workmen while serving in the army or navy. It defrays the expenses also of the imperial insurance department and effects gratuitously, as in the case of the accident insurance, the payment of pensions through the post offices. All other expenses are borne in equal shares by the insured and their employers, and are raised by current contributions. As a rule the payment of the contributions is to be made by the employer, who, after purchasing stamps (resembling postage stamps) of the respective local insurance office, affixes them (to the amount of the contribution due) to the receipt card of the insured. These stamps may be had at all the post offices and at numerous private shops. The contributions are to be

paid for each calendar week in which the insured finds himself in an employment or service subject to the insurance ("contributory week," "weekly contribution"). The receipt card has room for fifty-two stamps covering fifty-two contributory weeks. It is prohibited, under severe penalties and the immediate confiscation of the card, to mark on the same any irrelevant entry or notice regarding the workman whose name it bears. The insured is furthermore entitled at any time to demand a new receipt card.

The collection of the contributions may be committed to the sick relief clubs, the local authorities, or to special receiving offices. In paying the wages to the employed, the employers are entitled to deduct one-half the contributions (for the two last periods of wage payment). On the other hand, persons who voluntarily enter into, continue, or renew the insurance, will have to pay, out of their own means, the full contribution for class 2 (below mentioned), together with an amount corresponding to the state subsidy. The payment of this additional amount (8 pfennigs or $1\frac{904}{1000}$ cents) will be made by affixing a supplementary stamp.

The amount of the contributions must be estimated for the several insurance institutions and contributory periods (first of ten, afterwards of five years each), taking into consideration the deficiencies caused by illness in such a manner that they shall be sufficient to cover the costs of management, the reservation for a reserve fund, the probable outlay by refunding contributions, and the capital value of the share in such annuities as will probably have to be granted by the insurance institution during the period in question. With a view to fixing the contributions for each contributory period, the insured have been divided into the following four wage classes, according to the amount of their yearly earnings: Class 1, up to 350 ($83.30); 2, up to 550 ($130.90); 3, up to 850 ($202.30); 4, above 850 marks ($202.30). As the yearly income, not the actual earnings of the insured are taken, but the average wages earned in his calling or trade, as fixed by the sickness and accident insurance, or else three hundred times the usual local daily wages of ordinary laborers in the place of work. However, if employer and employed agree on procuring a more ample provision, the contributions for a higher class may be paid in. The contributions in each class must be so fixed that they shall cover the probable burdens falling upon the insurance institute by the claims to which the contributions will give rise. At the same time the additional burden resulting from the voluntary insurance must be distributed over all wage classes. For persons insured in the same insurance institution and in the same wage class, the contributions will be equal, unless the different callings should require a divergence. The respective regulations of the insurance institutions must be approved by the imperial insurance department.

For the first contributory period (of ten years) the following weekly contributions have been fixed by law, on the basis of insurance statistics: in class 1, 14 ($3\frac{332}{1000}$ cents), in 2, 20 ($4\frac{785}{1000}$ cents), in 3, 24 ($5\frac{714}{1000}$ cents), in 4, 30 pfennigs ($7\frac{14}{100}$ cents). Any surplus or deficiency is to be balanced during the next following contributory period.

As to the amount of the annuities, the old age pension is made up of the above mentioned state subsidy of 50 marks ($11.90) and an increasing rate for each contributory week as follows: In class 1, 4 ($\frac{252}{1000}$ cent), in 2, 6 ($1\frac{428}{1000}$ cents), in 3, 8 ($1\frac{904}{1000}$ cents), in 4, 10 pfennigs ($2\frac{380}{1000}$ cents). Hence the old age annuity amounts in class 1 to 106.80 ($25.42), in 2 to 135 ($32.13), in 3 to 163.20 ($38.84), and in 4 to 191.40 marks ($45.55).

The invalid pension consists of the state subsidy of 50 marks ($11.90), and a fixed amount of 60 marks ($14.28), increased for each contributory week: In class 1 by 2 ($\frac{476}{1000}$ cent), in 2 by 6 ($1\frac{428}{1000}$ cents), in 3 by 9 ($2\frac{142}{1000}$ cents), in 4 by 13 pfennigs ($3\frac{94}{100}$ cents). The height of the invalid annuity, therefore, depends on the number of the weekly contributions paid in, and on the respective wage class. Therefore, it amounts, after the waiting time of five contributory years, at least: In class 1 to 115.20 ($27.42), in 2 to 124.20 ($29.56), in 3 to 131.40 ($31.27), in 4 to 141 marks ($33.56), and, after the lapse of fifty contributory years, in class 1 to 157.50 (157.20 or $37.41), in 2 to 251.40 ($59.83), in 3 to 321.60 ($76.54), in 4 to 415.80 marks ($98.96), or in the fiftieth calendar year (state of permanence, *Beharrungszustand*) in class 1 to 162 ($38.56), in 2 to 266.40 ($63.40), in 3 to 344.40 ($81.97), in 4 to 448.20 marks ($106.67).

It is evident from the relative proportions of the contributions to the pensions that such favorable conditions could be offered to working people by no private insurance office, for the insured gain the state subsidy and the employers' contributions without giving any equivalent. After the lapse of five contributory years, for instance, the amount of the yearly invalid pension will be $5\frac{1}{3}$ times as high as the total of all contributions paid by the insured.

All the pensions are paid monthly in advance, rounded off to 5 pfennigs ($1\frac{19}{100}$ cents), and can be neither pawned nor sequestrated. Should the insured be already in possession of an accident annuity or a state pension, his claim to the old age or the invalid annuity will remain in abeyance, so long and so far as the annuity in question, when added to the other receipts, exceeds the sum of 415 marks ($98.77), that is, the highest amount of the invalid annuity after fifty contributory years. The pension will likewise remain in abeyance so long as the insured is in prison or in a foreign country.

The carrying out of the invalidity and old age insurance is intrusted, under state guarantee, to special insurance institutions, whose districts coincide with the communal or state divisions. Every insurance institution possesses the character of a legal person, and is managed on the basis of a statute drawn up by the managing committee. This committee is composed of at least five representatives of both employers and insured (chosen by the directing boards of the sick relief clubs and similarly constituted bodies). So far as certain prerogatives are not reserved to the committee by law or by statute, the administration is placed in the hands of the directing board (composed of communal or state officials), which is invested with the character of a public authority; but it may be determined by statute, that besides these officials other persons, particularly representatives of the employers and the insured, may be members of the directing board. Should this, however, not be the case, a supervising council may, and in all other cases must be elected, in which the representatives of both employers and employed take an equal share. This council has the supervision of the directing board and is required to attend to the other business which the statute may prescribe. As local representatives of the insurance institutions confidential agents will be chosen from among the employers and the insured.

When a claim to a pension (for invalidity or old age) has been made to the lower administrative authorities and transmitted by them to the competent insurance institution, it devolves on the directing board of the latter to give an (approving or rejecting) notice in writing. Against this decision the insured may appeal to the arbitration court (similarly

composed as those for the accident insurance); and against its verdict both parties may appeal to the imperial insurance department.

The offices of the unsalaried members of the directing board, the committee, the council of supervision, the confidential agents, and the members of the arbitration courts, are honorary, and their holders receive no other remuneration than the repayment of actual expenses. The representatives of the workmen, however, obtain compensation for loss of wages.

To each of the insurance institutions a state commissioner is attached, who, for the distribution of the liabilities among the different insurance institutes, in consequence of the moving about of the insured, and for the financial participation of the empire in the pecuniary burden, has to watch both the public interest and that of the other insurance institutions.

As in the case of the accident insurance, here too the supervision is committed to the imperial insurance department; some of the federal states, however, have instituted special state insurance offices.

Besides these insurance institutions, such funds or clubs as secure to their members at least advantages similar to those prescribed by the law for all the insured under compulsion, may be recognized as special insurance organs, particularly state or communal pension funds, miners' and such relief clubs.

Finally, certain transitory provisions have been made, with a view to give the insured, as soon as practicable, the benefits of the insurance. Thus, the waiting time for the old age pension is shortened in favor of such of the insured as had already completed their fortieth year when the law came into force (January 1, 1891), and can show that in the three preceding years (1888, 1889, 1890) they had been for at least three contributory years, equal to one hundred and forty-one weeks, in an employment or service now subject to insurance. This abridgment of the waiting time is equal to as many contributory years (and odd weeks) as their age, at the date when the law came into force, exceeded the number forty. Hence, on January 1, 1891, septuagenarians could claim the old age pension without having made any payment whatever on their part.

To obtain the invalid pension during the first five calendar years after the law comes into force, it is sufficient to show, that for at least one contributory year, equal to forty-seven contributory weeks, the contributions prescribed by the insurance law have been paid—consequently before November 23, 1891, no invalid pension could be obtained—and further, that previous to the law's acquiring validity, but within the last five years before the beginning of his disablement, the claimant practised an occupation subject to insurance for as many weeks as were still wanting (at the time he claimed the pension) in the prescribed waiting time of five years, equal to two hundred and thirty-five contributory weeks.

The time which the insured can show to have been occupied with work for wages or salary before the law came into force, as well as seven or more sick days, terms of military service, and interruptions up to four months in regular work, will all be reckoned as working time and included in the term of expectancy. The employment certificate is to be made out by the employer and officially attested. The periods of illness are to be certified by the sick club to which the insured belongs, or ascertained through the local authorities.

Compared with the accident insurance, which indemnifies total dis-

ability for employment with two-thirds of the earnings, and every other reduction of capacity for work with a corresponding fraction, the indemnities of the invalidity and old age insurance are indeed somewhat limited, but with good reason. For, a sudden industrial accident is for the sufferer an unexpected misfortune, while the gradual decline of bodily vigor in consequence of disease, sickness, organic defects, natural decay, and similar causes is inevitable in the ordinary course of life, and must betimes be provided for by every prudent workman. In accordance with the moral obligation of every individual to make seasonable preparation, in the first place by his own efforts, to meet the day of need, the invalidity and old age insurance does not extend the provision fixed by law beyond what a modest subsistence demands. And thus, besides the employer, who profits by the labor of the insured, the workman himself is called upon to contribute in equal proportion to the burden of the insurance, of which the empire, as the third interested party, takes a share on itself. To raise the requisite funds, however, it has been found desirable to substitute for the assessment system of the accident insurance the procedure of covering the capital value of the annuities, since the solidarity between the present and the future contributors in the particular industrial groups of the accident insurance here no longer exists. If we assume 600 marks ($142.80) as the yearly earnings in an average of three hundred working days, it has been calculated that the burden of contributions to the invalidity (old age) and the sickness insurance will amount to 4 pfennigs ($\frac{4}{100}$ cent) each for every working day, which, with 2 pfennigs ($\frac{2}{100}$ cent) for the accident insurance, will come to 10 pfennigs ($2\frac{3}{100}$ cent) per day altogether, of which the workman has to pay only the smaller part.

As regards the results of the invalidity and old age insurance, in the first year (1891) no less than 132,917 annuities have been granted, 5,306,754.34 marks ($3,643,007.53) (including 6,049,848.41 marks ($1,-39,863.92) state subsidies) have been paid out, and 95,000,000 marks ($22,610,000) have been received from the sale of receipt card stamps.

CONCLUSION.

The three branches of the German national workmen's insurance—the sickness, accident, invalidity and old age insurance—supplementing each other mutually, form a complete organization, and have resulted in the formation of a new workingman's code, which, in the inevitable fluctuations of modern industrial life, will afford to all those in need of assistance a welcome aid, and in its further development can not fail to exercise a great and salutary influence on the economical and social condition of the working people; indeed, on the entire nation. In the few years since these measures became law nearly a thousand millions of marks ($238,000,000)—almost one-half contributed by the employers—have been expended in the interests of the workmen. As, however, the circumstances which tend to disturb the good relations between employers and employed are everywhere much the same, the hope is natural and well justified that the consideration and forethought which the German laborers owe to the beneficent initiative of the magnanimous emperor, and to the ready sacrifice of their employers, will find an echo in other civilized countries, for the welfare of the human race and the consolidation of social peace and concord.

SUMMARY OF INSURANCE IN GERMANY IN 1892.

[The rounded numbers are estimated, in so far as the financial statement for 1892 was not yet settled (January 1893).]

Persons insured, receipts, expenses, etc.	Insurance against—		
	Sickness.	Accidents.	Old age and invalidity.
Persons insured	*a* 7,723,000	*b* 18,000,000	*c* 11,200,000
Persons relieved (*d*)	2,752,000	210,000	187,800
Receipts:			
Contributions of employers	$7,378,000.00	$12,852,000.00	$11,275,250.00
Contributions of employed	18,445,000.00	.....	11,275,250.00
Total	*e* 31,416,000.00	*e* 16,184,000.00	*e*, *f* 25,751,600.00
Expenditures:			
Benefits	22,610,000.00	7,735,000.00	*f* 5,331,200.00
Administration	*g* 1,475,600.00	*g* 1,761,200.00	*g* 1,066,240.00
Total	*h* 29,512,000.00	*h* 12,852,000.00	*f*, *h* 25,751,600.00
Accumulated funds	*i* 26,180,000.00	*i* 24,038,000.00	*i* 38,758,300.00
Benefit per case	8.33	44.03	*f* 28.56
Charges per person insured	3.332	.714	*f* 2.14

a Persons employed for wages or salary in trade and commerce, partly in agriculture (forestry) and domestic service.

b Persons employed in industry and agriculture (forestry)—not in commerce, handicrafts, and petty trades—including about 4,000,000 small farmers (with areas under 24.71 acres) and as many persons insured in additional or double employments.

c Workers of all trades and servants, likewise (industrial and agricultural) officials and commercial assistants with regular year's earnings up to $476.

d Persons having received legal assistance in money or in kind (free medical or hospital treatment, medicines, etc.), provided by the workmen's insurance laws for disability caused by sickness, accident, invalidity, or old age.

e Including balance on hand at the commencement of the year, and interest on investments.

f Including state subsidies.

g Including the current costs of the whole organization.

h Including the year's addition to the funds.

i Provided by law in order to secure the payments named.

The national insurance, based on mutuality and self administration, is compulsory for all wage earners in Germany, (*i. e.*, all persons working for wages or salary up to $476 a year), as well workmen and laborers as industrial and agricultural officials, commercial assistants and small employers (masters and farmers), irrespective of nationality, and unlike mere poor law relief, confers on every insured a legal claim, proceedings free of expense, to certain assistance in case of sickness, accident, or invalidity (infirmity and old age).

SICK INSURANCE IN GERMANY IN 1892.

Kind of association.	Total number of—				Receipts.	Expenditures.	Accumulated funds.
	Associations.	Persons insured.	Cases of sickness.	Days of sickness.			
Compulsory	19,700	6,749,000	2,405,000	38,000,000	$27,370,000	$25,704,000	$21,896,000
Voluntary	2,300	974,000	347,000	5,500,000	4,046,000	3,808,000	4,284,000
Total	22,000	7,723,000	2,752,000	43,500,000	31,416,000	29,512,000	26,180,000

The average annual results of the law for the years 1885 to 1890 are as follows:

Contribution of employés per person insured	$2.40142
Contribution of employers per person insured	$0.87822
Cost of benefits per person insured	$2.80126
Cost of administration per person insured	$0.19278
Accumulated funds per person insured	$2.31336
Sick days per sick case	15.7
Benefit per sick case	$7.71358

During these years the amount expended in benefits was subdivided *as follows:* For sick pay, 47.91 per cent.; for physician, 19.97 per cent.; *for medicine*, 16.04 per cent.; for hospital, 10.49 per cent.; for burial,

4.28 per cent.; and for childbed, 1.31 per cent. Out of every 100 males insured, 37.4 received benefits; of every 100 females, 31.8 received benefits; or for both sexes, 36.3 persons out of every 100 received benefits.

The contributions are paid one-third by employers and two-thirds by employed, up to 3 per cent. of the daily wages; in voluntary sick associations the workmen pay the whole.

The sick relief includes (1) free medical attendance and medicines; (2) in case of disablement a sick pay equaling 50 per cent. of daily wages during thirteen weeks, or free hospital treatment and one-half sick pay for the family; (3) similar relief for women in childbed for four weeks; (4) in case of death, funeral expenses equal to twenty times the daily wages.

The sickness insurance, established by imperial law of June 15, 1883, includes persons engaged in trade and commerce, working for wages or salary up to 2,000 marks ($476) yearly. It is managed by local sick associations organized for the various branches of trade. The insurance organization will be extended to persons employed in agriculture, forestry, and domestic service, whose sick relief is now regulated partly by state or community.

ACCIDENT INSURANCE IN GERMANY IN 1892.

Kind of association.	Total number of—				Receipts.	Expenditures.	Accumulated funds.
	Associations.	Establishments.	Persons insured.	Cases of accident.			
Trade	64	405,000	5,000,000	114,700	$13,447,000	$10,472,000	$23,086,000
Agricultural	48	4,777,000	12,400,000	51,400	2,023,000	1,666,000	952,000
State works	356	.....	600,000	10,900	714,000	714,000	.....
Total	468	5,182,000	18,000,000	177,000	16,184,000	12,852,000	24,038,000

The average results of the law in 1890 were as follows:

Contributions of employers per person insured	$0.70924
Cost of benefits per person insured	0.33320
Cost of administration per person insured	0.09520
Accumulated funds per person insured	1.31376
Benefits per case of accident	47.60

The amount expended in benefits was divided as follows: Allowance to the injured, 68.66 per cent.; allowance to survivors, 21.35 per cent.; charges for cure, 8.61 per cent.; charges for burial, 1.38 per cent.

Out of every 1,000 persons insured benefits were paid to 6.3 injured persons, to 1.0 widows, to 1.9 orphans, and to 0.1 parents.

The contributions are annually levied on employers in proportion to the extent of their business, *i. e.*, the wages paid or the number of hands employed, and to the risk of accident in the various occupations. The compensation includes, (*a*) in case of bodily injuries, from the beginning of the fourteenth week after the accident, *i. e.*, in continuation of the sick relief insurance, (1) expenses of cure, (2) an allowance during disablement up to 66⅔ per cent. of the yearly earnings, or free hospital treatment during the whole cure and an allowance to the family as in case of death; (*b*) in case of fatal injuries, (3) the funeral expenses, equal to twenty times the daily wages, not less however than 30 marks ($7.14), and (4) an allowance to the survivors from the day of death—to widows and children up to 60 per cent. of the yearly earnings, to parents, if needy, 20 per cent.

The accident insurance, established by imperial laws of 1884–1887, includes working people engaged in industry and agriculture, officials *with yearly salaries up to* 2,000 marks ($476), and small employers. It

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...d on mutuality of the employers united in trade associations, ...be extended to persons employed in commerce, handicrafts, and ...trades.

...D AGE AND INVALIDITY INSURANCE IN GERMANY IN 1892. (a)

...ssociation	Total number of—			Receipts.	Expenses.	State subsidies.	Accumulated fund.
	Associations.	Persons insured.	Persons pensioned.				
...	31	1[illegible]	153,650	$21,566,000	$4,076,940	$2,146,760	$36,086,520
...	9	[illegible]	4,150	1,666,000	130,900	42,840	2,691,[illegible]
Total	40	11,[illegible]	157,800	23,562,000	4,207,840	2,189,600	38,758,[illegible]

The [illegible] of the imperial bureau, 1893, published in the *Social Politisch*[illegible] ...ks and ...ity law show that in 1892 22,425,035.25 marks ($5,615,041.29) (94 per cent.) for old age and ...[illegible] ...ensions. The empire bears 8,971,072.09 ...[illegible] ...per cent., for invalid pensions. It appears that where wages are lowest, the burden of the ...[illegible] ...

AVERAGE RESULT OF THE OLD AGE AND INVALIDITY INSURANCE.

	In the first year.	In the fiftieth year.
...r person insured:		
...[illegible]	$1.95398	$4.2840
State subsidy	.12852	1.4280
Pension	.32368	6.50692
Management	.09520	.0952
Funds	1.68742	29.82854
	27.01538	53.6928
	29.76904	32.1300
Yearly pension:		
Invalidity		11.40
Old age	1.20	1.20
Pensioners per 100 insured:	1.20	12.60
Invalidity		94.07
Old age		5.93
Total	100.00	
Pensions, per cent. paid for:		
Invalidity		
Old age		

NORMAL PAYMENTS IN THE OLD AGE AND INVALIDITY INSURANCE.

Normal payments.	Wage class.			
	I.	II.	III.	IV.
Weekly contributions, one-half by employer and one-half by employé	$0.03332	$0.04760	$0.06712	$0.0714[illegible]40
Total contributions of the insured:				
In five waiting years	3.91510	5.59300	6.71160	8.3895[illegible]50
In fifty calendar years	54.145[illegible]	82.60980	104.20780	134.8984[illegible]0
Yearly pension:				
For invalids after—				
Five waiting years	27.41760	29.55960	31.27320	33.5580[illegible]0
Fifty calendar years	38.5[illegible]	61.40320	81.96720	106.6716[illegible]0
For persons 70 years old and still able to work	25.41840	32.12000	38.84160	45.5532[illegible]0

The invalidity and old age insurance, established January 1, 1891 by imperial law of June 22, 1889, comprises the working people of all trades in territorial organization (differing from accident and sickness insurance restricted to branches of trade) and promises when in state of permanence on every one hundred insured, one old age and eleven invalidity pensioners, *i. e.*, out of 50,000,000 population to about 1,500,000 persons the benefit of 330,000,000 marks ($78,540,000) annuities.

The foregoing statement, with all the figures, was taken from a pamphlet entitled The Workmen's Insurance of the German Empire, a guide expressly prepared for the world's exhibition in Chicago, by the

imperial insurance department in Berlin, 1893. The work was compiled by Dr. Zacher, permanent member of the imperial insurance department. The figures so far as they relate to the results for the year 1892 are round numbers, and of course only estimates. They are, however, estimates which have the weight of the highest official authority.

With regard to the whole matter of statistics bearing on the insurance, it may be said that they differ very widely. Even the different official statements of the imperial insurance department show apparent contradictions. It seems to be especially difficult to get such exact results as enable us to estimate costs with anything like perfect accuracy.

The few short tables which follow show results not exactly in agreement with the figures published by the imperial insurance department and just quoted. There is also a slight variation between the table, Statistics of accident insurance in 1891, by industries, and the tables on page 282. These tables are given, however, as they contain the most accurate information available in regard to the points of which they treat.

COST OF INSURANCE AND RISK IN ACCIDENT INSURANCE ASSOCIATIONS, BY INDUSTRIES.

[From *Étude Statistique des Accidents du Travail, Paris, Office du Travail, 1892. Résultats Financiers de l'Assurance Obligatoire contre les Accidents du Travail, Paris, Office du Travail, 1892.*]

Industry.	Per cent. of total cost of insurance, including compensation and administration of wages.	Per cent. of total amount paid in compensation of wages.	Per cent. of fatal accidents of persons insured.	Per cent. of accidents for which compensation was paid of persons insured.
Driving of vehicles	1.913	.891	.226	.941
Brewing	1.912	.930	.132	1.075
Flour mills	1.904	.787	.105	.720
Quarrying	1.744	.872	.119	.446
Mining	1.631	.852	.218	.769
Packing and despatch of goods	1.577	.736	.149	1.009
Paper making	1.494	.714	.080	.704
River navigation	1.422	.630	.207	.430
Maritime navigation	1.373	.436	.191	.196
Well digging	1.332	.831	.078	.458
Railway transportation (private)	1.311	.670	.121	.539
Sugar refining	1.299	.629	.049	.326
Chimney sweeping	1.285	.359	.084	.344
Building	1.238	.627	.083	.428
Distilling	1.233	.539	.066	.435
Wood cutting and carving	1.175	.559	.052	.605
Chemical industries	1.174	.591	.090	.526
Iron and steel	.988	.488	.056	.583
Gas and water works	.923	.410	.065	.380
Tramways	.734	.325	.029	.213
Brick and tile making	.723	.310	.035	.207
Food purveying	.701	.301	.025	.431
Leather work	.635	.286	.038	.285
Glass	.520	.240	.021	.183
Textile trades	.439	.204	.019	.216
Musical instrument making	.424	.171	.009	.129
Metal work (precious and other metals)	.409	.168	.011	.255
Stationery	.405	.146	.010	.237
Mechanical instrument making	.387	.129	.011	.216
Pottery	.313	.136	.015	.116
Printing	.277	.109	.007	.107
Clothing	.227	.097	.004	.037
Silk	.160	.069	.005	.140
Tobacco	.135	.043	.003	.036

STATISTICS OF ACCIDENT INSURANCE IN 1891, BY INDUSTRIES.

[From official statistics for 1891 published by the imperial insurance office, Berlin.]

Industry.	Establishments.	Persons insured.	Accidents compensated.	Receipts.	Expenses.	Funds.
Mining	2,075	421,137	13,256	$1,667,818.11	$1,549,143.78	$3,646,979.22
Quarrying	15,383	253,250	4,297	456,864.62	369,030.61	783,152.38
Mechanical instrument making.	2,258	64,172	665	80,158.09	57,874.75	125,440.89
Iron and steel	23,834	592,783	15,104	1,500,961.77	1,336,249.12	2,834,051.73
Metal work (precious and other metals).	4,319	101,966	990	105,518.59	83,773.93	184,190.52
Musical instrument making.	824	23,557	188	18,565.18	18,216.16	28,154.73
Glass	716	56,357	510	55,513.20	50,431.53	95,011.84
Pottery	897	60,455	381	41,294.85	30,678.12	63,217.56
Brick and tile making	12,547	254,102	2,278	252,186.02	212,108.83	371,120.17
Chemical industries	5,273	101,134	2,410	303,276.19	258,024.04	524,808.23
Gas and water works	1,138	26,873	463	81,323.18	63,831.33	132,487.11
Textile trades	9,342	601,764	6,106	461,684.98	388,710.96	846,332.81
Silk	666	43,899	160	17,770.73	14,220.27	27,433.04
Paper making	1,287	58,489	1,718	149,561.90	131,711.92	278,612.07
Stationery	2,072	60,668	553	69,074.46	40,456.56	87,960.81
Leather work	2,424	46,289	657	72,223.04	62,654.33	112,051.37
Wood cutting and carving.	34,442	214,596	6,295	475,198.13	445,705.92	839,319.19
Flour mills	37,637	86,439	2,729	316,541.17	248,685.07	527,784.03
Food purveying	11,738	58,161	977	80,938.98	75,864.27	122,313.19
Sugar refining	464	99,097	1,665	160,533.06	141,581.62	286,947.37
Distilling	8,028	41,569	913	107,181.53	84,424.11	166,736.33
Brewing	5,635	72,517	3,142	385,920.01	343,616.71	931,257.02
Tobacco	4,708	109,111	176	26,297.97	16,973.49	34,622.96
Clothing	2,967	104,748	540	41,825.95	38,733.43	56,207.67
Chimney sweeping	3,215	5,804	52	16,708.25	10,527.07	20,565.05
Building	120,118	992,735	17,259	1,918,254.82	1,824,304.72	3,110,244.43
Printing	4,295	69,806	424	51,249.04	42,202.19	76,279.56
Railway transportation (private).	116	26,886	568	72,721.23	72,721.23	152,911.79
Tramways	197	31,853	218	36,510.27	29,360.05	77,843.54
Packing and despatch of goods.	19,599	80,348	2,527	481,375.23	289,681.58	518,571.10
Driving of vehicles	26,551	69,397	2,181	265,857.82	232,121.53	329,838.42
River navigation	16,276	55,157	1,039	149,387.61	123,664.41	225,686.56
Maritime navigation	1,711	43,300	740	105,448.03	87,827.48	132,952.03
Well digging	12,504	164,993	3,066	1,346,307.24	265,084.50	1,179,738.71
Agriculture and forestry	4,776,520	12,289,415	84,338	1,463,334.50	1,334,888.03	572,668.64

CHAPTER X.

GENERAL CONCLUSIONS.

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Perhaps the strongest impression left upon the student of this legislation is a certain helplessness about drawing any general conclusions as to economic results thus far achieved. The commonest reply both to criticisms and to inquiries is: "There has been too little experience. We must wait some years still before the more weighty results can be known." The relations to wages, charity, socialism, savings, and cost of living all present the same type of difficulty. Too many and far too important other factors are present as active forces to enable one to trace cause and effect with any approach to accuracy. Certain confident claims that were made by the early leaders in this legislation are not only not fulfilled, but there is scarcely a sign that they will be.

(1) In the sense in which Bismarck used the word, there is little likelihood that the laborers will be made contented by the laws (*a*).

(2) The hope that certain classes of the insured would the more readily go into the country from the city or stay away from the city (as their money would go farther in the country), shows no hints of being fulfilled.

(3) That the social democracy has been in the least harmed or checked in its propaganda very few would claim.

(4) Whatever may be true in the future as a result of these laws the charity burden has not been lightened in any way corresponding to the belief of many advocates of the insurance.

(5) As to the belief entertained by many that the laborer would be led through the influence of these forced contributions to learn the habit of saving it is quite certain that no such results could as yet be brought forward.

(6) That a better feeling has in consequence been brought about between employer and employed is upon the whole questionable, although this (under many circumstances where the groups are not too large) is affirmed to be true (*b*).

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a It was at least naive to make the claim that this or any other legislation would content the workmen, discontent showing itself nowhere more than among those whose standard of living is exceptionally high. It is therefore no real criticism against the laws that such contentment has not followed.

b Herr Roesicke, of Berlin, a man of great influence, both in business and insurance circles, claims that the purely personal animosities between employer and employed, show a tendency to diminish since the employer is often found upon the laborer's side in his efforts to get his compensation under the law. "Such feeling as is unpleasantly excited is turned rather against the laws than against any particular employer."

It is fair to reply that most of these disappointments are of little consequence even if true, and also that time will work very great and hopeful changes.

There are many reasons to believe that much of this faith is justified, not as yet on strictly economic grounds, but upon grounds that are more important.

There are indications of extreme significance that results of the widest social advantage are to follow this very brave attempt to use all powers, whether of state or individual, to lessen evils which none deny.

It was said in effect: "Everybody confesses that the social irregularities and suffering are very great—but"——

It was at least a noble impulse in the emperor to change this but into therefore. "If misery and injustices are there in such measure, let us not stop the way of attempt by reciting a list of difficulties. Let us rather face them with every weightiest influence which we can command." It is not an exaggeration to say that this attitude marks an epoch in social reform. The highest social forces have never yet been seriously organized to cope with poverty and want.

In Germany, at any rate, the state stands for such highest power, and there is something churlish in objecting to an experiment, at least, on its part. The state has at its command the most perfect bureaucracy that ever served a sovereign. Much of the common stigma that attaches to the name in no sense belongs to this body of disciplined, faithful, and entirely honest officials. It is admitted that no state ever had in its service any such efficient and capable organization. That Germany with such means at her disposal should be willing to try a social experiment on a scale so vast, ought at least to excite the gratitude of all other people, for if she fails the lesson will be invaluable, and if success follows, the example may prove so useful that other nations will find many of the obstacles removed by this bold and skilful pioneering. The principle of insurance is distinctly ethical in its nature, and has been so conceived by many of the ablest thinkers upon social affairs. It assumes such redistribution of burdens and misfortunes as far more nearly to satisfy our sense of social justice. The only question is the practical one. Can the state so manage this ethical principle as really to help the weaker classes, or will the machinery prove so expensive that the cost of living among such classes will not be lessened? An attempt that we must pronounce magnificent is being made in Germany to reach this difficult end. Especially in the sickness law, and to some extent in the accident law, there are indications that important concrete results have already been secured. It seems, however, to the writer, that no mere material or strictly economic test can be applied to this legislation without omitting what promises to be of greater value, viz., values that are essentially moral and educational.

MORAL RESULTS.

The whole thought out of which these laws grew was distinctively moral in the sense of demanding as much social equality and fairness as could be reached by the largest social endeavor. It was seen that as the world market grew, many and incalculable forces so acted as to leave masses of the less vigorous workers without adequate security. A long attempt with voluntary insurance left millions of men and women still exposed to conditions under which sickness, accident, and premature death could work extremes of suffering which society had no right to permit, if any practical way of avoiding it could be reached. In these insurance laws (with what is still proposed) there is the embodiment of this purpose.

The entire thought involves an attempt on the part of the state and the well to do classes so serious that the mere example of it is imposing. These vast energies are directed to the very specific end of relieving actual risk of suffering from poverty. That a great deal of actual misery will be diminished as a result of these efforts is quite certain, even if an enormous expense is thrown upon the whole body of consumers, and a relatively large part of that burden comes upon the working classes. In other times it might not have been worth while to pay so much for the relief of a certain kind of poverty that springs from economic insecurity, but the time has at last come when the mere presence of such want is a distinct social danger. Public opinion is far more sensitive to its existence. More than this: the social agitator draws his only really effective weapons from this source. His chief impeachment against society is based for its justification on the concrete facts of the kind of suffering that may be traced to insecurity as to means of livelihood.

The whole elaborate scheme of the German social legislation of which the three insurance laws are the most daring features is sure, it is claimed by its friends, to decrease many of the most glaring and irritating miseries connected with poverty among the working classes. In the writer's opinion this will be brought about far more through the moral and educational influences that will slowly and indirectly act upon their object than by any present working of the actual mechanism of these laws.

The chief moral effect will be in the increasing sense of solidarity which the very attempt to make the laws succeed will intensify and increase.

If the laws had eventually to be abandoned this result would remain. This quicker sense of "social oneness" is apparent in the press, in public speeches, in university lectures, in countless volumes upon every phase of the so-called social question, as well as in the philosophical and ethical treatises. (See for an example Paulsen's *Ethik*, pp. 787, 802, etc.)

Here is a force far too considerable to be measured by any merely economic estimate.

In expressing this belief in ultimate results that are essentially extra-economic it is not forgotten that the principle of self help is put by these laws to much risk. It is bad that the free friendly associations should be made to suffer as they unquestionably are by this form of state competition, but the evidence is overwhelming that society is unwilling to wait for the self help institutions to deal with social ills. This fact is as apparent in Switzerland and England as in Austria and Germany. It is suspected that "self help" is not only the cry of the socially fortunate but that it is too often made an excuse, or even a hinderance against any large and generous attempt at reform.

The change of opinion upon this subject in at least five European countries within ten years has been revolutionary in its proper sense.

Perhaps no surer proof of what is here maintained could be given than the fact that these nations, wholly irrespective of politics, forms of government, race antipathies, or economic traditions, have rapidly fallen under the German influence upon this question of insurance. In every case it is first proclaimed: "We do not of course mean to follow her in compelling the workingmen to insure, but the idea is a great and a good one." In every country the more the discussion develops the more clearly it appears that, if the insurance is to be at all universal, compulsion is inevitable. Even in England, although Mr. Chamberlain does not say "compulsion," it is easy to see that he is not deceived as to its ultimate necessity.

But the point of most importance here is the question: Why have these diverse peoples been so profoundly affected by this German example? It is safe to assert that any definite material results of the German legislation did not in the least influence them, for no such results could be convincingly shown. The truth is that the effect was a moral one. The idea of such insurance being so obviously ethical and falling so into touch with the new feeling of social obligation, the example became for this reason contagious.

This kind of social moral sensitiveness, for special reasons, got its peculiar expression first in Germany. These laws in part embody it. They have to do their work by state mechanism, perhaps as a means of setting a final true value upon self help. Self help, in order to do its proper work in a market swayed by competitive forces on so large a scale, must have far more means at its disposal than it can now command. This organized attempt on the part of the state is sure to furnish the sort of training, both moral and intellectual, which is indispensable to the most efficient social reform. It can not help furnishing a body of statistics which will be as valuable for science as for social improvement. This brings us to the more distinctively intellectual or educational results.

INTELLECTUAL OR EDUCATIONAL RESULTS.

If the social conscience is being aroused by the indirect although powerful influences of this legislation, the mind is being just as effectually trained. It may be useless to distinguish between this moral and intellectual discipline, save that the more severely statistical results seem of another and a different order. In that part of the report which deals with accidents, it is seen how the social heart and head are alike touched by the same facts. It has been shown how great an effect upon the public was produced by the simple fact of knowing that between one and two hundred thousand industrial accidents occurred yearly in German industry. When it became further known what they were, where and how they happened, together with the consequent suffering, especially to the families of the uninsured and weaker workers, the response, in a sort of surprised social sympathy, was immediate. The facts had neither been known nor appreciated.

Now it is the very nature of this legislation to make the spread of such knowledge necessary. These facts, put in popular form, come home to the whole people; facts as to every form of industrial misfortune, with an analysis of its causes; facts of poverty and want in every variation; facts as to sanitary conditions; facts as to wages and the cost of living, together with every variety of information as to methods of protection and care in time of sickness or accident. There are now in the empire about 22,000 insurance institutions for the carrying on of this work. Whether these are trade associations of employers or the various sick associations, they are all forced in self defence to accumulate precisely that kind and variety of information which, from any point of view, is most necessary to know. There has been an extensive exhibition in Berlin of "all the various mechanisms for the prevention of accidents," that was attended by people from all parts of the empire. It carried a new and searching discussion of these questions into almost every paper in Germany. Regular meetings are now held for the scientific study of accidents, their causes, nature, and means of prevention. The second international congress for a larger comparative study of these subjects has been held. An expert who attended this last gathering said, in comparing its discussions with those of the first congress in 1889: "There is scarcely any more rapid or profound change of opinion upon any subject than that which can be marked between the two sittings of these delegates. At the first congress the old and narrow idea of individual responsibility of the laborer ruled, while at the second a wholly new sense of the meaning of industrial misfortunes seemed to have been born."

It seems likely that every important university will at no distant date have its lectures upon these and allied subjects. The growth of this practical interest in Germany may be seen from the fact that, in

1890, 148 committees from the trade associations of employers were making special investigations as to prevention methods. In 1891 the number had increased to 168. The way in which these results and discussions are spread through the press can not fail to produce its effect upon public opinion. Already a stigma attaches to the employer whose record of accidents is, in the comparative tables, unusually high, just as it is coming to be a matter of pride and honor to show an exceptionally low ratio of accidents.

It is already possible with considerable accuracy to decide what percentage of accidents is due to the employer's fault or carelessness and what to the neglect or fault of the laborer. This knowledge, in proportion as it becomes fairly trustworthy, will be of inestimable value when public opinion can intelligently act upon it. Even the rough classifications as to avoidable and unavoidable misfortunes show with how much greater force, precision, and justice the public judgment will fall when blame may be more fairly distributed.

One sees almost daily in the German press or magazines such questions as the following opened for discussion: "What does it mean that a large proportion of these accidents has such calculable regularity of succession as if it were a law?"

What does it mean that the tired hours have so much higher averages of injuries?

It is impossible to argue this out or familiarize the public with such questions without leading to a far juster sense of what solidarity and social duty mean. If in the tenth, eleventh, or twelfth hour in many of the severer industries the curve of misfortune rises, whose fault is it? Again, let it be asked, what could be accomplished in any large American city for temperance, prostitution, many charity reforms, so far as improvements depend upon a strict and honest enforcement of the laws, if the whole body of the police had some adequate measure of education in the principles of social reform? Both directly and indirectly this German legislation is doing much to educate in the best sense the police. It is throwing upon them the kind of duties which can not be met without much of the most valuable training, and it is at the same time setting a standard for a more intelligent type of police, which such legislation will make even more and more necessary.

The same must be said of sanitary officials and factory inspectors as well as of many others. It is no reproach to say that these are bureaucrats if it can be shown that an important social service is being rendered.

It has been strongly urged in the English discussion of old age pensions that large numbers of families would be kept together, if the parent had an assured pension, in his declining years, when he could no more do solid work. It was admitted in England that a shamefully large number of parents were allowed by their children to go to the workhouse, or upon charity, simply because they could not pay

their board in the child's family; while, in those cases in which the parent had even a small income, the children were glad to keep him. This was said early in the German discussion, but now it is claimed as a fact that this influence is beginning to work out very hopeful practical results.

When it is known that the parent is certain of an income of $40 or $50 the children show much more humanity in desiring to keep him in the family group.

Even if the motive is a low one, the results are of much social importance.

It has been seen finally how obstinate an evil is found in the playing sick under these laws. It was bad enough under the old charity, but the states and towns are now putting the best expert science on this and other problems of its kind. A series of tests for the simulator are slowly being formed, which will some time be of priceless value. No need is greater now than sure methods that will enable us to distinguish in the poorer class between real and feigned wants. For real want, about which there are no doubts, help can be instantly and adequately obtained. It is the paralyzing suspicion that the wants are not real which chokes in its beginning much of the most willing service.

A part of this same good is a far nicer classification of misfortunes, whether in sickness or accident. It is already found among the employers' associations that it pays to have the best medical counsel and the most instant attention to the disabled. It is seen to be best that in many cases the sick or injured should be sent for their cure to special institutions. As it is seen that immediate care pays, so it is seen that a thorough rest and complete cure are cheapest. Many cases now are kept far longer under treatment in order that no relapses may occur. It has been found that, from ignorance or necessity, great numbers of the working men and women go to their work so soon after the sickness or hurt as to leave risks of permanent or chronic weakness, if not of entire disablement. That treatment under these laws should be thorough and adequate is an achievement, especially when it is seen that it is coupled with much real education for the laborers.

Of the same character is the training in all health matters which a large portion of the population is receiving as a consequence of this legislation. Among the country laborers, for example, a large and constant result of ill health was caused from the simple fact that ignorant people, because of the expense, put off calling a doctor until disease had done its work. Now the doctor must come, and all that follows such immediate medical care, both in its results and as an education, must be good.

The issues involved in this state insurance are discussed by the officials who administer the laws, by physicians, by economists; so that from all these sources, from the university to the cheapest newspaper, an educational influence appears of quite incalculable impor-

tance. It is an education which will prove equally valuable whether society develops in future on socialistic or individualistic lines. If self help should finally have a far larger extension, this legislation of universal compulsory insurance for the working classes will have gathered and classified an experience and a body of statistics indispensable for a society in which private and individual forces can act wisely for ends larger than their own. The limit of the self help institution is today in the lack of adequate public opinion to give direction and energy to voluntary action for the general welfare. Such public opinion is making under these insurance laws. Or if society is to have, as now appears, a far larger socialistic growth these laws will furnish each year both training and facts without which larger state and city control could not be efficient.

It may be urged finally that the work of an unfriendly critic would be easy if his strictures were confined narrowly to the material or mere cash side of the question. Such criticism would be easy if immediate results alone were considered. If, on the other hand, the deeper objects of this legislation are taken into account, the indirect and more distant moral and educational values, a far more hopeful judgment must be pronounced upon it. It can not for a moment be forgotton that two widely differing methods of social reform are now competing in the field: (1) The method of self help which sprang from the older English liberalism; (2) the method of state socialism, which holds that industrial conditions have so changed as to demand a constant enlargement of state activity in order that the mass of workers may have secured to them more hopeful conditions. It is not enough to cite long lists of state blunders in the past. The representatives of the people are learning their lesson and already an imposing body of experience is at hand which leaves no doubt as to the possibility that the state, commune, or city can and will in the future perform certain services for society better than private corporations or private persons. Germany, chiefly because of the character of her people and partly because of the disciplinary influence of her army and school systems, has produced a body of officials rarely equipped for so vast and hazardous an undertaking. She is trying this experiment not for herself alone but for the world. Probably into no social experiment ever entered more conscientious endeavor or higher ability. Consciously or unconsciously the thing aimed at is the raising of the standard of living among the broad mass of humbler wage earners. Economic liberalism has always denied that this was possible through state action. This is, however, precisely the thing we are concerned to know. No one but a pedant would claim to know the limits either of self help or of state activity. The German experiment is furnishing evidence at the very points where we need it most.

If the energies of self help should be found to suffer under this insurance scheme, its doom is certain. The advocates claim, however, that

every essential of a vigorous individual initiative has been preserved. They refuse to admit that this state system is in any way opposed to self help, but is rather a means of securing real and independent action to the masses which present conditions do not allow. It should be remembered that these claims are made, not merely by theorists or persons of inexperience; they are made by a large body of the ablest and most practically experienced men that Germany possesses. Even if partial success follows this experiment it will have furnished evidence of inestimable value upon questions that now baffle all except the infallible.

As the industrial democracy develops, the workingmen must at length have this compulsory insurance very largely in their own hands to administer as they shall elect. In the meantime, the state, with its army of experts, is preparing the way for such more democratic control. The signs increase daily that the principle of trade responsibility and some form of compulsion in workingmen's insurance is gaining ground everywhere in Europe in proportion as the question is discussed. The French industrial association, in which practical business men have control, has frankly admitted, after elaborate discussion, both trade responsibility and the necessity of obligation. Through M. Dron a bill for accident insurance, involving both principles, has been presented to the chamber, which accepted it almost without a dissenting voice. Impartial students, like Professor Gide, believe these principles to be sound and necessary. The dispute concerns only questions of form and application (*a*). If, however, compulsion and trade risks are once admitted, and if it be admitted that the general body of wage earners are to be insured, it is idle to question that the state must have not merely oversight, but the kind of control which exigencies will continually extend. Strong leaders, like Chamberlain and Constance, affect hesitation before state compulsion because of the practical political difficulties. Germany had no reckoning to make with troublesome electors, and therefore did not flinch before the logic of the situation she had once created.

This consistency and thoroughness are enabling her to produce those more important educational and sociological results which thus far show a distinctly higher value than any direct economic effects that can now be shown. For any adequate estimate of these material results ten years at least must pass. Meanwhile the United States can afford nothing so well as to await the evidence.

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a Even M. Cheysson, a recognized authority upon this subject and an opponent of the German methods, seems, in *La Reforme Sociale* for December 1, 1892, to admit the necessity of workingmen's insurance. He shows that among 10,000,000 French workingmen between the ages of 20 and 60, 164,000 die a natural death, 7,500 die by accident, 167,000 have a year's sickness, 200,000 lose a year through old age, 50,000 lose a year through accidents—a total of 588,500.

LITERATURE.

The literature upon these insurance laws from the legal, medical, administrative, and, indeed, from every conceivable standpoint, is already enormous. The following list has been chosen, with the friendly suggestions of several experts in different departments, and may be recommended to those who care to follow the subject into farther historic, legal, or practical detail. The list is in no way complete, but contains, upon the various aspects of this legislation, probably an adequate number of "best books."

More important articles from different economic or statistical periodicals have also been added.

A valuable series of technical studies is being issued, under the direction of *L'Office du Travail*, by the *Imprimerie Nationale*, Paris:

Fascicule I. Statistique des accidents du travail.

Fascicule II. Résultats financiers de l'assurance obligatoire contre les accidents du travail en Allemagne et en Autriche.

Fascicule V. Résultats statistiques de l'assurance obligatoire contre la maladie en Allemagne.

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Professor Heinrich Rosin's work already referred to is admitted to be the ablest that has appeared from the juristic standpoint. The third volume is about to appear.

The articles which are appearing in the *Handwörterbuch der Staatswissenschaften*, by Professors Conrad, Lexis, and others (G. Fischer, Jena), will soon cover the entire subject.

The *Nouveau Dictionnaire d'Économie Politique*, finished in 1892 under direction of Leon Say and M. Chailley, contains a much briefer and more popular statement.

In three numbers 7, 8, and 9, 1892, of the *Annalen des Deutschen Reichs*, Dr. Bornhak has given an admirable and adequate summary of the laws, together with an account of the entire scheme of social legislation in its special relation to the "rights of labor"—*das deutsche Arbeiterrecht.*

APPENDIX.

COMPULSORY INSURANCE IN OTHER COUNTRIES IN EUROPE.

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COMPULSORY INSURANCE IN OTHER COUNTRIES IN EUROPE.

No one now denies that the influence of Germany upon the question of state insurance has been very great.

At the first international congress for the discussion of insurance against accidents, in Paris, 1889, the opposition to the German idea was sharp and pronounced. It was admitted that the time had come for a thorough consideration of the subject, as the changed conditions of business, the decay of the old patronal relations, and the new consciousness of solidarity gave many and pressing reasons for such organized action as should (1) increase all preventive measures and (2) distribute more fairly the average of industrial accidents.

The whole tone of this congress was in favor of self help and private initiation as against state action. It was affirmed that the state would prove less efficient and more expensive. The principle of obligation was moreover stoutly opposed. It did appear that *le risque professionnel*—the trade responsibility—as distinguished from the responsibility of the individual, was coming more and more into recognition. The only difficulty was to make a practicable application of the principle.

At the second congress, in Bern, September 1891, though the delegates of the Latin countries came strongly prejudiced against the German innovation, the close of the congress showed a marked change in the direction of the German method. The principle of trade responsibility gained in prominence and the necessity of some form of compulsion became more evident.

The only serious opposition to the superior force of the German side of the discussion came from the English actuaries. These strictures upon the methods of calculation were allowed to have some weight, but it was replied that the entire actuarial system of the German laws admitted of all the changes which the English criticism required.* It was seen that these more technical points could only have adequate testing after far more experience had been gathered. The important point is that the congress closed with very definite gains for the Germans. The opposition was almost wholly upon some principle of liberty, self help, or against state socialism. The answer was in every case upon a basis of facts and experience. It was said with great force:

"In a question so severely practical as this workingmen's insurance, actual tests and actual experience alone have any value. If the end we seek can be gained by what you call state socialism, it will be no less an advantage than if it were reached under some other principle or name." Writers like Professor Claudio Jannet, Ed. Gruner, and Charles Grad have been more skilful in meeting the Germans upon a basis of actual facts gathered from the experience of the patronal insurance groups throughout France. The claim is here made that better results have been reached by the voluntary method and at less expense than in Germany.

The points of difference are, however, so many and so great as to make such comparison of very slight value. The patronal insurance of France deals with the more vigorous groups of workingmen, for whom the institutions can be carried on far more easily than with averages made up of strong and weak alike. The French groups are to a large extent confined to "the Christian employer." The great majority of employers, especially the weaker ones, are so pressed by competition as to find easy excuse for refusing to take on extra burdens of expense. It is easy to show that workingmen's insurance has gained rapidly in every leading commercial country. Why then should not this progress be trusted to solve the difficulty? The plain answer seems to be that politicians and philanthropists will not wait. The growing impatience of the democracy is forcing on much questionable legislation.

AUSTRIA.

At the Bern congress Austria was the only country that had followed closely enough and far enough in the German track to have any considerable body of experience to which appeal might be made.

The accident law of April 1, 1888, was quite distinctly patterned after the German model. Indeed the chief difference is in the territorial institutions that take the place of divisions according to industries and are managed by trade associations. This territorial division has been found upon the whole an improvement, and many regrets are expressed that Germany failed to introduce it. The stronger local feeling which has put a check upon imperial management has also preserved a larger liberty for the free insurance societies. Mines and railways are made an exception. They must submit to compulsory insurance, but have the largest liberty of administration. The reserve funds are managed more in accordance with the principles of ordinary insurance; indeed there has been in Austria distinctly less departure from traditional methods than in Germany.

The law of sick insurance came into effect July 6, 1888. The resemblance is here closer to the German law. It applies practically to all industry. The mining societies play the same important part as types upon which the whole insurance is built up. The free insurance asso-

ciations are kept, although, as in Germany, they must not do less for the insured than is done by the new societies which the law creates. The employer is obliged to announce his workmen within three days after they begin work.

The sick money is raised from 50 to 60 per cent. of the daily wage, and the support is given twenty weeks, instead of thirteen, as under the German law.

The reports made at the congress of Bern, in 1891, were upon the whole favorable as to the working of these institutions. It seemed to be assumed, both by Herr Kaan and Herr Kulka that the insurance was to be extended to other groups at the earliest practicable date (*a*).

HUNGARY.

Beginning with the trade law of 1884, probably wholly under the influence of German example, the agitation has resulted in a law of insurance against sickness which came into effect in 1891. All are subject to obligatory insurance who are engaged in industrial and agricultural pursuits if the salary does not rise above 1,200 gulden (about $480) per year. Contributions are divided between employer and employed, as under the German law.

FRANCE.

In spite of the uniform hostility to the Germans it is freely admitted that opinion in France upon this question of insuring the working class has been strongly influenced by German example. Though a bill has been proposed for insurance against old age, the most serious attention has been given, and is still given, to the accident insurance.

One of the first authorities in France has given the following account of the previous organization of insurance, which helps us to understand the present proposals of the actual laws. M. Cheysson says:

Masters now who wish to provide against the ordinary risks of accidents may have recourse to one of the four following combinations: the state fund, private companies, syndical funds, or private aid funds.

The insurance fund against accidents was created by the law of July 11, 1868, under the management of the deposit and consigning fund. Annual insurance and premiums are alike for all professions. This is an intolerable infraction of the rule which proportions the premium to the risk. It is evident that the sameness of tariff must drive away all good risks from the fund and draw to it all the bad ones.

As the result of different causes this fund has miscarried and presents the miserable total of 1,200 persons insured, half of whom are firemen insured by office. It liquidated three accidents in 1888. These

a It is reported, June 1893, that the law will be extended to transportation, farming, and forestry. An amendment has already been introduced to that effect. Various reforms are also proposed. Complaints are frequent against the bureaucratic control under which the local management suffers and against the bewildering mass of trifling accidents. According to latest statistics, 1891, there exist seven insurance institutions with 145,309 trades and 1,369,763 persons insured. This gives less than one-sixth of the workingmen insured. (See article "*Unfallversicherung*," *Handbuch der Staatswissenschaften*.)

figures make the four years' results of the Italian fund stand out more prominently by contrast, in spite of the unfavorable circumstances that help to keep it back.

As regards private companies of insurances against accident, according to M. Keller, they are twelve in number and pay annually from 5,000,000 to 6,000,000 ($965,000 to $1,158,000) in indemnities. M. Bèziat d'Audibert, on the other hand, compares the liberty they enjoy in France with the effectual superintendence to which they are subjected in England and by the state in Switzerland, and regrets that the constitution of their reserve is not large enough to guarantee the payment of pensions to claimants.

Although doing good service these companies have still to extend their custom and to consolidate their financial guarantees.

Certain professional syndicates of masters have established mutual accident insurance among their members. As being in the first rank we must mention the syndical chambers (*chambres syndicales*) for building which, in Paris, form what is called the Lutèce street group. In the greater number among them, especially in those for plumbing and roofing, the cost of insurance is entirely supported by the masters. According to M. Gauthier, the president of this chamber and one of the most zealous promoters of the institution, it includes nearly half the whole building staff in the department of the Seine; that is, 75,000 workmen, on a total of 150,000. Since 1883 the fund regulated 908 accidents, for which it paid $22,903.60 to the victims. It has, besides, a beneficial influence in preventing accidents by its superintendence of the tools used. This initiatory proceeding can not be too highly lauded, nor its general spread too earnestly desired.

It is above all in instituting aid funds that the spirit of "patronage," with its suppleness and ingenuity, is displayed. These institutions are a sort of mutual aid societies, with the distinction that they treat not only sickness but wounds, that they include only the workmen of one establishment, and that many among them are exclusively maintained by subsidies from the master. In such a case the honorary members pay everything instead of contributing only a portion. In other cases the funds are the proceeds of a certain possible surplus in coöperative provision societies, from profit sharing, from certain industrial gratuities, or a donation or legacy. * * * The aid fund is often supplemented by a dispensary, a hospital. Sometimes they are isolated cases, special to one establishment; others, again, they are confederated by basins, and whilst maintaining their own individuality as regards light accidents, by their grouping they constitute, as in Belgium and at Saint-Etienne, departmental funds (*régionales*), which assume the charges for serious accidents with the prolonged aid and the retiring pensions.

To describe all the different combinations suggested to masters by the inspiration of "heart and mind" would oblige us to developments outside the limits of this report. For such a purpose we would have only to consult the inquiry opened in 1883 by the administration on mining aid funds and the exhibition of social economy annexed to the Universal Exhibition of 1889.

In a remarkable report published by the *Annales des Mines* in 1884, M. Keller gives an account of the inquiry, and shows us the generous sacrifices consented to by coal mining companies in the interest of their staff. On a total of one hundred of their workmen ninety-eight share in the aid fund. Here, then, we have a whole population who, free from constraint, have found ample means to solve the problem of accidents.

Nor has the railway fund, which includes twice the number of members in the mining fund, any need of outside help; the care of the companies for their staff has organized aid and provident funds to assist them. Retiring pensions for the victims of accidents are settled prematurely, and, in case of death, pensions are paid to the victim's family.' The Orleans company, by a regulation of March 3, 1888, decided that victims would be paid a pension of at least $80, whatever might be their age or length of service, with a gradual increase in accordance with these two facts. In the event of the death of a pensioner husband the widow and children are allowed a pension of at least $60 (*a*).

The exhibition of social economy is, on the other hand, a source of valuable information on the thousand suggested solutions offered by the patronage in favor of wounded workmen. They are given from facts, from living reality, not alone by walking through galleries in which the tables and diagrams are exhibited, but by studying the reports (some of which are quite remarkable) in which many of the exhibitors have described their institutions and the principles that govern them (*b*). In another congress we have studied the striking characteristics of this exhibition (*c*), and we intend to give more numerous details yet in the report which the jury of the social economy have done us the honor to entrust to us for the section XIV (*Institutions patronales*). (*d*) This moral intimacy with the highest class of masters at the head of the industries of the whole country, has convinced us that the state has only to proclaim the principle of responsibility by law, to enforce its application in the courts, to assist, encourage, and control from its height the provident movement; as for what remains, the customs of the people, public opinion, the freedom of action of those interested, whether they be masters or workmen, are to be relied upon.

Legal coercion could only be excused if it were true—as is very loudly asserted—that workmen are condemned by the egotism and obduracy of capital to pitiless work, that nothing is done for them, and that therefore the state must of necessity interfere to force masters to fulfil their neglected duties. Such is the basis of state socialism. For our part we are not averse to the dilemma to which M. Luzzatti drives masters: "Act, or the law will act for you;" we would allow them to be confronted in the distance by the spectre of the German system as a threat if they still remained inactive, but we would protest against the abuse of state intervention wherever patronages are displaying their beneficial efforts.

We are not of those who hold by the irreverent aphorism: "When the state does good, it does it badly;" but we, at least, believe that individuals can do it better, because they profit by the pliability and the richness of the solutions born of liberty, whereas the state is forced to make use of the brutal and levelling uniformity of obligation. What more conclusive argument against this kind of intervention than the sight presented by provident institutions opening out spontaneously

a In the German system, and in the French project, if a workman dies from the effects of an accident once his pension is settled, his widow has no right to the reversibility of the pension.

b Among these documents, which we can not refuse ourselves the pleasure of naming, are: The Aid and Provident Fund of the Coal Mines of Besseges, by M. Marsault; the Notice on the Labor Institutions of Blanzy; the Labor Institutions of Vieille Montagne; the Notice on the Coal Mines of Mariemont and Bascoup.

c Communications to the congress of social economy, June 13, 1889, on social economy at the Universal Exhibition of 1889.

d There is a movement on foot at the present time to have these admirable documents preserved in a permanent museum, and also collected in an illustrated publication annexed to the reports of the jury.

at the breath of liberty? Could the state have ever given rise to those varied, ingenious, and complex systems so well adapted to each particular case, in a word, to the thousand combinations that have suggested themselves to individuals, or to associations impelled by their feelings, and their interest of course? In place of this healthy and luxuriant vegetation the state would have planted its posts and official lines, all the same, all dull, monotonous and dry, not only without leaves, without flowers, but, what is more, without fruit.

In fact, obligation is barren; together with spontaneity it suppresses all the merit and social efficaciousness of the institution. When thrift, and forethought, and patronage become obligatory they cease to be virtues; they no longer draw the classes together; they no longer give a stamp to the character; it is a tax levied, not a spontaneous effort; formulas and mechanical orders given, it may be, by means of *gendarmes* will have replaced free action, which is fruitful precisely because it is free.

PROJECTED ORGANIZATION OF INSURANCE.

The project of law voted in France by the chamber of deputies, July 10, 1888, and now pending before the senate, gives rise to many questions within the bounds of this report. But, to keep to our subject, this is the solution it gives for insurance organization.

First of all, the insurance is optional, not obligatory. The law decrees the principle of professional risk, but it leaves each one free to shield himself with it as he chooses. For my part I think it worthy of high praise for having resisted the powerful attraction of the German law, and although having borrowed some of its provisions from it, for having drawn back from obligatory insurance.

The principal types, any of which may be chosen by those interested, are precisely those we have before examined and which are at their disposal.

They may become their own insurers if they have the power, like railway companies; or they may insure in an ordinary insurance company; or have recourse to the state within the limit of professional risk, that is to say, to the third of the annual salary; finally, and this form is favored by the projected law, they may group themselves together to institute freely mutual insurance syndicates whose operation is similar to that of the German and Austrian corporations, but with restrictions intended to prevent them from acquiring too much power, and a disquieting amount of resources.

Having neither the seat nor the stability of German corporations, these groups are but a feeble image of them and, notwithstanding their similarity of aspect, can not in practice play the same part. It is, moreover, to be desired that in the formation of these syndicates, to which the state may be led to make considerable advances in case of disaster, they should be provided by some guarantee and regulated as closely as can possibly be done by the generous terms of the law.

It has certainly been the desire of the law to encourage this form of insurance by giving to the syndicates the postal savings bank as a banker, but it is to be feared that the premiums for insurance indicated by the state will, by their excessive moderation, make all competition by their companies, whether mutual syndicates or private companies, impossible.

If, with its present impotence, the state does not do much good to workmen, at least it does no harm to neighboring funds. But it will

probably be reorganized on a more rational basis; then, with the rate for premiums, likely insufficient, such as is settled by the project of law, no other system will be able to exist near it.

This is the usual result of the juxtaposition of a state industry with free industry. The state can afford losses, for it draws upon the treasury to make up its industrial deficits, making all taxpayers pay for them; consequently, free industry has only to give up the contest. In the case referred to, if the state fund work at a loss, the many workmen not admitted to profit by the law will pay for those who do, which further increases the difference between them. If the state works at a profit it has the appearance of speculating at the masters' and associated workmen's cost.

In organizing this law, legislators met with the great difficulty of settling the limits beyond which accidents would be justifiable by the new law.

If the German and Austrian laws have admitted accidents to have a right to indemnity only after the thirteenth or fifth week, it is because, for the prior period, the sick or wounded are cared for by the sick fund. In this way the system is complete and shows neither blank nor break.

In France, however, we have no official insurance for sickness.

Is a wounded person to remain one month without help?

When he lies mutilated he needs instant help; nothing can do away with this necessity. And, therefore, the projected law, braving technical objections, admits the victim to insurance from the date of the accident. It, therefore, resigns itself to the heavy burden of slight accidents which represents nine-tenths of the whole, and to treat a scratch or sprain as seriously as an accident followed by death.

In the course of debate the project has become much modified which is to be much approved. Instead of doing away with aid funds and mutual aid societies, that is to say, of that part of the organization now existing against accidents, it retains it, and in this copies the German system, adapting it to our national situation very happily. We would, on account of the importance of these provisions, request permission to quote the text of the articles from 9 to 11 of the new project.

ART. 9. Masters may discharge the obligation imposed on them by article 7 of paying the expenses of the victim's sickness and the temporary indemnity for three months if they prove—

(1) That they have established either with or without the assistance of their workmen or employés, individual aid funds, or that they have, at their own expense, affiliated these to other approved and authorized mutual aid societies.

(2) That these funds or societies are obliged to pay, over and above medical care for the wounded, an indemnity of half the amount of their wages, with a minimum of 1 franc ($19\frac{3}{10}$ cents), and a maximum of 2 francs 50 ($48\frac{1}{4}$ cents) per day for the entire duration of the sickness, or at least during the three first months.

ART. 10. In the event of the first aid required being secured by particular funds, or by mutual provident societies under the provisions of the preceding article, the insurance of one of the heads of enterprise by any of the methods provided in title V and VI may be restricted to the consequences of the accident beyond the period of three months, dating from the time of the accident.

ART. 11. The statutes of individual aid funds must be established in

accordance with the laws and decrees on mutual aid funds and professional syndicates.

A regulation of public administration shall determine within a delay of three months the modification to be made in the statute types of mutual aid societies to adapt them to the new powers given them.

By this combination the law may be relieved of the burden of slight accidents which would prove a great impediment to its progress, and an inevitable occasion of fraud; masters would have an interest in establishing factory funds after the German fashion (*Betriebskrankenkassen*), and to group the workmen around, thus drawing together the bonds of the industrial family; finally a new impulse will be given to mutual aid societies, and thus without obligation will be solved the problems of accident and of sickness.

Since the congress in Paris in 1889 there has been a distinct advance of opinion upon the question of insurance. The *risque professionnel* was admitted in 1888, and has brought with it the inevitable necessity to demand governmental authority in order to enforce the provisions of the new classification and organization which the new basis of responsibility brings with it. Le Roy and Lacombe trace the many proposals for obligatory insurance to socialistic influence, chiefly the German. Even as early as 1879 a project was made by Vacher; in 1880 one by Nadaud; in 1881 one by Graux and a second by Remoinville; in 1882 one by Alfred Gerard; in 1882 one by Penlevey, a second by Maurel, and a third by Felix Faure; in 1883 another by Penlevey; in 1885 one by Rouvier and another by Lagrange; in 1886 one by Albert de Mun, a second by Lockroy, and a third by Faure; in 1887 one by Keller.

These propositions with the reports drawn up by Gerard and Nadaud were examined by the parliamentary commission of the chamber of deputies which gave in its report November 29, 1887. A long and searching discussion followed both the first and second readings. The law was adopted with unimportant modifications July 10, 1888, by 351 votes against 78.

The most important principle which this law recognized was *le risque professionnel* with the reasons given for the same in the motives of the law. It was admitted that modern industry brought with it a variety of risks that had a sort of fatality about them, and that therefore, the industry rather than the individual ought to bear the burden of responsibility. As under the German law, the employer represents those risks and should meet the responsibility. If the nature of industrial accidents was such as to render insurance absolutely necessary, obligation alone would secure an adequate enforcement of this necessity. Upon the business itself was thus thrown the entire burden of all accidents, whatever their cause, unless caused by the express intention of the injured. This question of relieving to such an extent the laborer from the responsibilities of his own carelessness or fault caused, especially in the senate, long and vigorous opposition.

The text was voted by the senate in April 1889, and while the *risque professionnel* was accepted, the proposition was rejected which

left the laborer with no responsibility for his accident except a hurt brought about by his express purpose.

This rejection resulted in another project in May 1890 by Bardoux and still another and better known one by Jules Roche in the following June. The proposition of Messieurs Granger, Gabriel, and Ernest Roche was given in in January 1891, and that of Ricard (since minister) and Guieyesse a little later.

This law of eighty-four articles fully accepting the principle of obligation is likely to pass nearly in its present form.

An elaborate report has been made in the name of the *Commission du Travail*, and was submitted by M. Louis Ricard in February 1892.

Somewhat conflicting accounts are given of the real origin of this and the other laws of insurance against accidents. One is told that it is, after all, chiefly due to German influence. That the German example exercised considerable initial influence is not open to question, but it seems most likely that the intimate business relations between the large industries in Alsace-Lorraine, where French is widely spoken, and the larger industries of France account mostly for this interest.

The trade associations in Alsace are among the most ably managed and successful in Germany. The administrative costs are exceedingly low, and the disputes have been greatly reduced under the accident law. The larger business men in France have been influenced by these considerations and believe that such a law may work to their own advantage.

Leon Say is reported to have said "it is all the work of the politicians." That this can not wholly account for the facts seems clear, because thus far the laboring classes have shown no hint of interest or concern in this law, as they have in that of old age pensions.

It is reported, June 1893, that the *députés* have voted *le projet de loi* for compulsory insurance against accidents by a majority of 510 against 6. The opponents of the law find comfort in the fact that this discussion has continued at least twelve years without definite results. The employer is bound by the civil law (code 1382–1386), and the advocates of the new law claim that the weaker and more stupid of the injured workmen rarely get compensation for their hurt. "In seventy-five cases in the one hundred the employers now get free." (*a*)

PROVISION FOR THE OLD AGE OF WORKINGMEN.

The movement toward some form of old age pension in France may be traced directly to the enthusiasms of 1848. Several schemes looking to such an end were brought forward, partly as a direct result of the plain recognition by the constitution of the "right to labor and to state assistance."

The report to the English parliament in 1891 shows us in brief the

a See also *Social Politisches Centralblatt*, July 24, 1893.

history of the most important scheme, and the only one which stands in any real relation to the project of law now awaiting action.

The report says, after giving an account of the labor commission, to whose work the project was due:

The result of the deliberation of the labor committee was the law of June 18, 1850, the object of which was to develop economy and saving amongst the poor.

If an attempt on a larger scale had been made to carry out this law very much more benefit would undoubtedly have resulted; but from timidity in execution the development of the *caisse des retraites* was slow and unimportant, and would have been much slower still but for the coöperation of a class of persons for whose benefit it was certainly not designed originally.

The law of 1850 laid down that the deposits made at the *caisse des dépôts et consignations* should form the capital of these *retraites*, that these deposits were not to be of less amount than 5 francs (96½ cents) or of multiples of 5 francs, and that the interest to depositors should be at the rate of 5 per cent.; but as the state could not obtain that interest a loss was occasioned to the government which threatened to become serious, as the advantages offered were eagerly seized by investors. The government had consequently to lower the rate of interest, which was effected by the law of June 12, 1861, which fixed it at 4½ per cent.

A birth certificate has to be shown on the first payment, which may be made by the party interested, or by a third person, on any day of the year, including Sundays, even in Paris. In the country the payments are made to the *trésoriers-généraux* and *receveurs* (the tax collectors).

Deposits may be made in favor of any person over 3 years of age, but in the case of minors the authority of a parent or guardian is necessary.

Each deposit gives an inalienable right to an annuity, which is immediately fixed; there is no obligation to continue payments at stated intervals; deposits can be made at any time in variable sums. They are made in two forms, with the capital reserved—that is to say, repayable in case of his death, or with the sole view of an annuity.

The depositor may change, if he wishes to increase his pension, from the first to the second category in whole or part, the interest being calculated accordingly.

He must mention the age at which he wishes to enjoy his pension; the age must not be less than 50. After fixing one age for the pension on one deposit, he may name another for the pension on another.

By three months' notice before the date of the term when the pension becomes due the payment may be deferred with the view of increasing its ultimate amount; but after the age of 65 the pension must be taken.

A *livret* (notebook) similar to that of the savings bank is given to each depositor, and every new payment is marked in it, together with the interest it bears.

The annuities can not be seized if they do not amount to more than £14 8*s.* ($70.08) and are the result of the deposits of the person who enjoys them. These annuities are inscribed in the *grand livre* (register) of the public debt, in like manner as the government annuities and the pensions of the civil and military employés of the state.

The *caisse des dépôts et consignations* took charge of the *caisse des retraites.* All the sums paid by depositors, as well as the interest they bring in, must successively, and day by day, be invested in government annuities, inscribed in the name of the *caisse des retraites.* The

amounts of the pensions were at first calculated according to Deparcieux's tables of mortality.

The law of May 1853 had to remedy a very evident defect of the original law—the want of a maximum limit to each deposit. Well to do persons used in this way to invest their money. Thus at 50 years of age they could pay down at once a sum requisite for obtaining an annuity of £24 ($116.80). The new law, therefore, limited to £80 ($389.32) the amount which each person might deposit in any one year.

In 1856 companies, *sociétés anonymes*, were exempted from this limit in order to facilitate pensions to their employés or laborers, and the maximum of the annuity to any one depositor was raised to £30 ($146).

In 1861 foreigners were also allowed to invest in the *caisse des retraites*, and the maximum was raised to £40 ($194.66), the amount of annual deposits to £120 ($583.98), whilst in 1864 annuities of £60 ($291.99) were permitted, with annual deposits of £160 ($778.64).

The *caisse des retraites* became no longer an institution fulfilling solely the object for which it was designed in 1850—the benefit of the poorer workingmen—but was mainly used by shop and government employés, priests, school teachers, etc. This was especially the case after the German war, when money became dear, and the national assembly reëstablished the 5 per cent. rate on deposits, which soon, with returning prosperity, was again found to be too high, the deposits increasing from £360,000 ($1,751,940) in 1873 to £2,720,000 ($13,236,880) in 1881.

The state lost considerably by this high rate of interest, which was ruinous in its effect, for as the *caisse des retraites* was bound to convert its deposits immediately into government *rentes*, of which daily purchases were made, it allowed a higher interest in its calculations for pensions than it received from its investments; consequently, under the circumstances, it was not so surprising that the deficit of the *caisse des retraites* amounted in 1882 to £1,680,000 ($8,175,720).

It became necessary to pass the law of December 1882, which rescued the *caisse* from its difficulties, the government making the sacrifices necessary to put it on its legs again, and to enable it to start clear, and to continue to pay the present and future pensions for which it was liable; the rate, too, of interest was again reduced from 5 to 4½ per cent.

In 1886 another law was passed which limited to £48 ($233.59) the pension to be granted to any one annuitant, and lowered the amount of the deposit to be made at one time by any one person from £160 ($778.64) to £40 ($194.66). The rate of interest, moreover, was made dependent on the rate of the government annuities. This at once brought it down from 4½ to 4 per cent. There is, therefore, no fixity as to the exact amount of the annuity that will be paid to each depositor.

The effect of these restrictions was naturally to decrease very much the number and amount of the deposits made by elderly persons anxious to obtain an immediate annuity. There is no doubt that the depositors are now, since the law of 1886, more of the class for whose benefit the *caisse* was instituted, and the deposits of the benefit societies (*sociétés de secours mutuels*), for the purpose of obtaining pensions for their members, were not affected in amount by the lower rate of interest given.

The following figures give the number of the deposits and their amount for the last ten years of which the returns are published:

Year.	Deposits.	
	Number.	Amount.
1879	495,487	$7,609,390.80
1880	536,093	11,545,581.46
1881	571,191	13,243,425.44
1882	575,171	10,987,179.78
1883	583,803	7,670,621.10
1884	597,438	7,345,826.02
1885	611,409	7,942,312.93
1886	633,584	9,579,705.25
1887	676,628	4,579,425.17
1888	712,453	4,710,445.94

The effect of the law of 1886 is made very evident by the above figures.

The financial condition of the *caisse* was eminently satisfactory at the end of 1887. The annuities to its credit were in that year over £1,000,000 ($4,866,500), these *rentes* representing, at the rate of 4½ per cent., a capital of £24,650,288 ($119,960,626.55), which, added to sums due from the treasury, brings the total capital available to £26,313,580 ($128,055,037.07), the liabilities to £25,483,655 ($124,016,207.06).

It was the law of January 1884 which finally released the *caisse* from the embarrassments to which I have previously alluded. This law, while charging the *caisse* with the payment of pensions from its own resources alone, made over to it to make good previous losses a sum of *rentes* corresponding, according to the average rate of 1883, to the capital of the perpetual *rentes* which had been annulled in exchange for the life annuities inscribed. By this law, therefore, amortisable 3 per cent. *rentes*, representing a capital of £11,790,764 ($57,379,753), with an annual interest of £441,285 ($2,147,513.45), were made over to the *caisse*.

In 1888 a fresh table was substituted for those of Deparcieux, which since the beginning of last century had been used in France for calculations based on the death rate, and were proved now to be too favorable to the annuitants. It appears that though Deparcieux's tables were calculations based on the mortality of a number of persons, mostly of the well to do *bourgeoisie* engaged in tontines, the general average duration of life is now greater than it was in the eighteenth century even amongst a class of persons whose peaceful pursuits and conditions of existence were especially favorable to the prolongation of life.

The commission charged with examining into the "gestion" of the *caisse des retraites* by the administration of the *caisse des dépôts et consignations* makes an annual report. This commission is composed of 16 members: 2 senators named by the senate, 2 deputies named by the chamber, 2 councillors of state named by the council of state, 2 presidents of *sociétés de secours mutuels* named by the minister of the interior, one manufacturer named by the minister of commerce; these members are named for three years; besides, the official members consist of the president of the Paris chamber of commerce, the director-general of *dépôts et consignations*, the director of internal commerce from the ministry of commerce, and of three officials from the ministry of finance, and of one from the ministry of the interior. The commission elects its own president.

A register of the annuities is kept at the *caisse des dépôts et consignations* and also at the ministry of finance.

Foreigners, by the law of 1886, may make deposits as well as natives, but they do not, in case of being prematurely prevented from working, enjoy the benefit of the addition to their pension which is granted by the minister of the interior in special cases.

Payments are received in all sums from a franc (19$\frac{3}{10}$ cents) upwards, without fractions of francs. The maximum annuity for one person is £58 ($282.26). Deposits of more than £40 ($194.66) can not be made in one year; this, as I have said before, does not apply to deposits made by public bodies and benefit societies.

It is clear from the above that the *caisse des retraites*, though it has been in existence for forty years, has not played a very great part in providing for the old age of the persons working for hire in France. It is said there are about 800,000 depositors amongst 9,600,000 persons in France receiving salaries. The average amount of the pensions, moreover, does not exceed 6*s.* 6*d.* ($1.58) a month. The number of spontaneous depositors has always been very small, the greater part of the deposits proceed from the *sociétés de secours mutuels*, and most of the individuals who have made deposits have been urged to do so by their employers.

The above describes the past and existing state of things as regards the *caisse des retraites;* but it is essential to add that the government has this year laid before the chambers a very important bill for the creation of a national *caisse de retraite* for workmen.

In this project now under examination by the *commission du travail*, the government propose to impose a maximum contribution of a half-penny or a penny a day on each salary, putting an equal charge on the employer of labor. Thirty years of half-penny payments per day would produce, at the 4 per cent. rate now in force, a pension of £7 2*s.* ($34.55); of a penny a day, £14 4*s.* ($69.10). It is proposed in the bill before the chambers that the state should add two-thirds of the amount deposited by the workmen and their employers.

This *caisse de retraites ouvrières* is destined for the benefit of work people, employés, metayers, or servants of both sexes whose annual incomes do not exceed £120 ($583.98) per annum, but it is essential that they should be of French nationality.

It will be formed by the deposits of the persons for whose benefit it has been created, doubled by equal grants from their employers and by payments made by the state.

Every person receiving a salary will be assumed to take the benefit of the proposed law unless he make declaration to the contrary before the mayor, and without such declaration every employer of labor is bound to deduct a half-penny at least or a penny at most, per day from the daily wage he gives, supplemented by a like sum of his own.

A *livret* is to be given to each depositor, in which is written down the amount paid by himself and his employer, which is to be increased by two-thirds by the government.

If a workman has deposited a sum from 25 years—the age at which these payments begin—to 55 years of age, at 56 years of age, and till the end of his days, he will be in receipt of his pension. If he wishes to leave a sum after his death, he must make a supplementary annual payment of rather more than half as much again. The proposed measure contains a clause authorizing the life insurance of these depositors, the government charging itself with the payment of a third of the necessary *primes*.

Workmen who have met with serious accidents or are prevented by illness from working will be aided in their payments for pensions.

In order to encourage the employment of French labor, masters who make use of foreign workmen have to pay a penny per day for each such foreigner they employ to a fund the destination of which is the benefit of French workmen.

There is at the present moment almost nothing said of the project for pensions, nor is it likely that the present proposals will be taken up without great modifications.

It is, however, significant that a certain popularity for old age pensions appears to be growing among the laborers. Several discussions in the assemblies of their trade unions have shown a distinct sympathy with this law. The German socialists have not neglected to let their French brothers know that to a very large extent the employer (contrary to the theory and purpose of the law) pays not only his own contribution, but that of the laborer as well. This, together with the socialistic character of the legislation, has increased the interest of the trade unions in it. That this interest will soon enough be exploited by politicians is quite certain. The present project is so vague and yet seems to promise so much that it enables unscrupulous politicians to hold out very exciting hopes to the laboring population. It is not strictly compulsory, though it is compulsion in disguise, since it insures all the laborers of the classes to which it applies, unless they present themselves to the mayor of the commune and make a declaration against being insured.

There would be a necessary payment by the government of a pension of from 300 to 600 francs ($57.90 to $115.80) to every workman, employé, metayer, and domestic of either sex who shall, from the age of 25 to that of 55, pay a premium of from 5 to 10 centimes ($\frac{265}{1000}$ to $1\frac{93}{100}$ cents) for every working day, the employer being obliged to add to this an equal contribution, and the sum to be further increased by a contribution on the part of the government of two-thirds of the amount. No one, however, is to receive this pension who can not swear that he is not in receipt of an income of more than 600 francs ($115.80), and no one is admitted to the privileges of the scheme at all unless his income is less than 3,000 francs ($579). Every person employing a foreigner must pay into this fund 10 centimes ($1\frac{93}{100}$ cents) a day, although foreigners are excluded from its benefits. In order to start the enterprise, persons from 25 to 40 years of age are permitted to come in. The government also guarantees to members of the same classes, in consideration of a slight supplementary premium, the payment of a gross sum of 500 to 1,000 francs ($96.50 to $193) at death, provided death does not occur for two years from the time of beginning payments. The cost to the government of this system, when in full operation, would not be more than 100,000,000 francs ($19,300,000) per annum, according to the estimate of the government.

One of the chief weaknesses concerns the probable expense since it

is assumed that the premiums could be capitalized at 4 per cent. This is so certainly too high that even the friends of the law are recasting their calculations in the hope of meeting this difficulty.

That the question is considered a serious one by independent and important men in France may be seen by a recent contribution to the *Revue des Deux Mondes* for October 1, 1891, by the Duc de Noailles. He says:

The most penetrating minds of the old liberal optimism can not help perceiving that the suffering democracy, which is also the democracy militant, have most violent ways of wishing without knowing too well what they are wishing for. They consider their necessities brutal and unreasonable, as if it were tacitly understood that the electoral promises should suffice to satisfy them indefinitely. "If it is possible, it is done; if it is impossible, it shall be done," a courtier of the old régime said to his sovereign. The fourth "*Etat*" (the working class), which at first felt flattered in its turn at hearing similar language, can no longer be so easily satisfied with blank checks, drawn on the unknown. It demands a money of value. To impatience succeed irritation, threats—indeed, material disorder—which should not be tolerated. One is compelled to restrain energetically with one hand; it is equally necessary to give generously with the other. This is the problem. Will the law for the workingmen's pensions help to solve it? We would like to believe it. Is it not destined merely to hold together these vital illusions in the minds of the workingmen, whose present misfortunes one despairs of alleviating by remedies or immediate palliatives? The best result of the ministerial project, its authors agree with meritorious modesty, appears to be that of officially provoking the discussions of the pulpit and the press on these questions of the first importance, which it is time to take seriously, in order to avoid having to take them tragically later. We are thrown against a socialistic wall. How can we jump over it, go around it, or pierce through it? Will we not be able rather to utilize it in completing the existing edifice? That will greatly depend on the good will and moderation of all concerned. Why may not some useful idea or partial solution come to light through these honest debates? Even apparently sterile negations have at least the advantage of clearing the ground and indicating the dangers already signalled elsewhere. The praiseworthy idea of assuring the means of subsistence to aged workingmen dates far back. In our days it has inspired us with several analogous propositions. We know that Germany has gotten the start of us in the study of this question. The Reichstag lately voted an insurance law against infirmity and old age in favor of workingmen 70 years of age; the annual pension is from 90 to 210 francs ($17.37 to $40.53). The workmen and the employer bear two-thirds of the expense; the remainder, which may be only one-third, is in charge of the government. Seventy years is too late; 90 francs ($17.37) is too little. Our ministers wish to do better. They propose to lower the age to 55 years, and to increase the amount of the life pension, which will vary from 300 to 600 francs ($57.90 to $115.80) as a maximum. The government engages itself to furnish two-thirds of the sum contributed by the employers and workmen. This is the opposite proportion to that across the Rhine. Finally, the German law provides for obligatory insurance; ours, more liberal, for the workingmen, at least, does not allow the superintendent to profit by the advantages offered to them; the employer is not consulted. The French plan rests

on the following hypothesis: Suppose that a workman, working at least 290 days each year, saves daily the amount of deposit provided for by the law (5 or 10 centimes ($\frac{2.5}{1000}$ or $1\frac{2.5}{100}$ cents) for his personal quota, and as much more for that of the employers), the sums thus saved and invested at 4 per cent. per annum will procure for him, at the end of thirty years, 180 or 360 francs ($34.74 or $69.48) of annual pension. The subsidy of the government, as much as equals two-thirds, will increase the pension to 300 or 600 francs ($57.90 or $115.80.)

ITALY.

In 1890 M. Gibon, in his able report *Les Accidents du Travail et L'Industrie* wrote: "Italy does not appear to be disposed to make an application of the German system." Within six months he was obliged to express his regret that Italy, too, had fallen prey to the craze for compulsion.

In 1883 Minister Berti made proposals which gave a new meaning to industrial responsibility and involved important changes in the organizations of insurance. The bill was voted by the deputies, but rejected in the senate. A second bill soon passed (July 8, 1884) which established a national insurance fund. The state only regulates and oversees. Great use is made of the savings banks, which play so important a rôle in Italy.

A guarantee fund of $300,000 was raised from the ten leading Italian banks.

M. Emile Cheysson, one of the French delegates at Bern, gives a careful account of this legislation in the following words in 1889:

Here the state no longer holds a prominent position; it intervenes no longer by the strong hand of obligation; it does not enforce insurance, but limits itself to lending its assistance. Neither does it proceed by its own power, but appeals to the concurrence of all the principal savings banks of the kingdom—that is, to those provident institutions that have taken such deep root in Italy and whose strong and active organization is a subject of envy and admiration to other countries. These savings banks, by their traditional disinterestedness and their "maternal impersonality," to make use of the happy expression of my eminent friend M. Luzzatti, one of the most ardent promoters of the law, by the legitimate confidence placed in them by their clients and by their constant contact with them, were the best possible machinery by which to set in motion the new law of insurance and the surest means to insure it being adopted among the customs of the people.

The institutions that coöperated in forming the national fund were ten in number, namely: the seven savings banks of Milan, Turin, Bologna, Rome, Venice, Cagliari (*a*), Genoa, the *Monte dei Paschi* of Siena, and the banks of Naples and Sicily; the whole ten are taxed to constitute, by their contributions, which vary from $10,000 to $120,000, a guarantee fund of $300,000.

This fund exercises only a moral influence; its affairs are administered by the savings bank of Milan and directed by a superior council, in which each of the institutions that coöperated in its foundation are

a The catastrophe of the Cagliari bank is known to us all; but it has in no way shaken the stability or the vitality of the insurance fund.

represented. It offers its clients either individual insurance, simple collective insurance, or combined collective insurance (*a*); the tariffs for premiums have been determined in an eclectic manner, subject to revision every five years, when the experience of the principal foreign companies is brought to bear upon them. Being oppressed neither by profits, since savings banks ignore the shareholders and the distribution of dividends, nor by the expenses of management, of which the founder societies have taken the exclusive charge, the premiums are as low as possible, amounting on an average to 1 cent per day per head, that is, to about one-fifth or one-tenth of what it costs a workman for his daily morning glass. Moreover, their effects are felt by private companies, which have had to modify their prices as to local dealers when subjected to the competition of coöperative provision associations. Professions are classed in 14 classes of risks, the premiums of which vary as much as from 1 to 13 (*b*). In the last four classes (11 to 14), where the riches are greatest, the civil responsibility of the master can not be covered beyond nine-tenths. One-tenth of the indemnities pertaining to this responsibility remains, therefore, to the master's charge, in order that his vigilance may not abate (*c*). The workman is paid the daily aid, to which insurance gives him a right in case of temporary disablement, only after the thirty-first day of disablement.

The state reserves to itself the right of approval of the tariffs and regulations for the fund's administration. In return for the control thus exercised it allows the fund entire exemption from stamp taxation and enregistration fees, as well as the gratuitous services of the postal savings fund for passing insurance contracts, the collection of premiums, and the payment of indemnities. Although the state seems content to assume the simple part of a benevolent guardian, the more devoted adherents of the national fund, such as M. Ugo Pisa, would still further loosen its bonds, to give it "that entirely self government requisite to free and prompt action." They complain, and bring facts in support, that it is subjected to the bureaucratic impediments of governmental authorization for any change in its tariffs or regulations, whereas this interference should be limited to cases of reform restricted to the insured (*d*). The state is reproached by them of failing to give an example of provident foresight by insuring its own workmen, by compelling contractors of public works to insure; finally to press the voting of the law on the responsibility of the masters, which properly should have preceded the establishing of the fund and which would have given a great stimulus to its operations.

Instituting a fund is not everything; a way must be learned to reach those to be interested in it. We shall soon have in France an example of a state fund ignored and consequently useless. In Italy, where it has long been the custom to band together for works of mutual assistance and brotherhood, this tendency to band together has been applied to increase the spread of insurance against accidents. Such is the object of the numerous patronages (*patronats*) established in many cities, and especially in Milan.

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a Combined collective insurance is that which insures the civil responsibility of masters.

b The projects of the French law present only 5 classes of risks with premiums varying from 1 to 4.

c It is known that insured coachmen are less careful of the safety of passers-by, and we have seen how accidents have increased in Germany since the institution of the new organization.

d "*La prévoyance sur les accidents en Italie*," Milan, 1889. M. Ugo Pisa is the zealous and distinguished president of the *Patronat* of Milan.

be insured, but only when more than ten are employed together. The insurance is, moreover, to be limited to the duration of each particular undertaking. Artisans working in their own homes are exempt from the provisions of the bill.

The principle of the bill is not only to provide against the consequences of accidents by means of obligatory insurance, but also to prevent their occurrence by imposing penalties on manufacturers and contractors who neglect to take proper precautions for the safety of their workmen.

The Labor Gazette of May 1893 contains the following:

A bill for the prevention of accidents and protection of the life and bodily safety of workmen is before the Italian parliament, and another bill is now before the senate, having already passed the chamber of deputies, respecting *probi viri*, viz., arbitrators, according to the provisions of which honest and respectable citizens would be called upon to form a committee for settling disputes between employers and workmen. (A *précis* of this bill will be given in the Board of Trade Journal for June.)

Old age and invalidity are also made an object of study in Italy. The relation of the existing law recognizing mutual aid societies from April 18, 1886, runs as follows:

It is with pleasure that I inform the members of the workmen's mutual aid societies that on the 15th instant his majesty the king sanctioned and promulgated the law which regulates the legal status of such societies.

In less than two months this law may testify to the anxiety of parliament and of the government for the moral and material improvement of the working classes.

The first, which restrains within proper limits the labor of children employed in industries, prevents the premature employment and waste of the strength of the new generations of workmen, in order that their physical development may proceed under normal conditions and that they may furnish healthy and competent workmen to carry on national industry.

The second facilitates the union of workmen in the noble and useful work of providing for the future by mutual aid, which secures the workman in the event of inability to work.

These are two laws which complete each other; one aims at physical preservation, the other renders possible and practicable a more complete development of material and moral providence in the working classes.

The law just sanctioned is one of the most liberal existing. Parliament and the government were inspired, in bringing it forward and carrying it, by the wishes, many times manifested, of the workingmen's societies, and by confidence in the sentiments of the Italian working classes, which have shown that they know how to make a wise use of liberty in forwarding their moral and economic progress. For this reason no interference is admitted on the part of the government in the working of the said associations; the law determines their action; within these limits, the new law determines their constitution; the judicial authority secures their extrinsic conditions, and calls upon them to observe the law should they deviate from the object which the state has done everything to encourage.

It is necessary, not only from the respect which all owe to the law,

but besides, in the well defined interests of the societies of mutual aid, that these latter shall not overstep the bounds laid down for them, which are sufficiently extended to take in all the more common, more legitimate, more profitable forms of pecuniary provision.

The Italian law does not subordinate the conferring of legal status, as nearly all foreign legislatures do, to the previous demonstration, by means of suitable technical regulations, that the means are sufficient for the ends which every society of mutual aid has in view in order to be able to fulfil the engagements and promises, which fall due in the far future, to the members. But I should fail in my duty, and should not be true to the sympathy with which workmen's societies fill me, did I neglect on this occasion to beg them, in the most earnest terms, in every case to observe the technical regulations by which alone the existence of such associations can be secured, and the danger of delusions the more deplorable and fatal, in that they fall on honest workmen who for long years have looked to the future with noble self denial in order that they may secure a modest but certain competence when they become unfit for work, be avoided. It will be further advantageous if workmen's societies would, in the case of risks resulting from misfortune, apply to the national fund founded for this purpose, which is in a position to offer advantageous conditions for forwarding this form of providence.

Although not compelled to do so by law, it is therefore desirable that societies of mutual aid, in formulating their regulations, should not neglect the technical precautions or the principal laws which the central commission for prudential associations laid down for them. Thus, for instance, it is not desirable that societies be constituted with a very limited number of members; instead of causing new societies to be constituted, it is preferable that workmen should join those already existing in greater numbers, because it is obvious that a society of mutual aid can more practically attain its end the larger the number of members composing it. Equally useful, and to be recommended, is the law requiring that a distinct fund should be kept for every purpose, each member contributing proportionately.

This ministry, which has followed up till now with the greatest interest the development of societies of mutual aid, and has always taken steps to assist them, will not cease now that these societies are governed by suitable laws to bestow every care upon them and to use every means to increase their security. It is for this reason that I do not propose in this circular to take leave of the mutual aid societies, but to offer them every sort of advice, information, and moral support which may further their legal constitution and render their existence more secure.

In the ministerial project there was inscribed a provision in virtue of which a special office was instituted in this ministry which was charged with furnishing, to those societies who applied, all information which should most help in establishing the safest and most regular relation between the contributions and the grants. Parliament has suppressed this provision, holding that the ministry can provide for carrying out this charge without the need of a law; and, since the said office exists in this administration, it is my purpose that it should answer the wants of the societies in question, and if required, should direct their action by information, suggestions, etc., especially as concerns the proportioning of the means to the ends which they have in view.

In Italy there are no statistics founded on sufficiently numerous observations taken in the country of the disease and mortality of members

of workmen's societies; and this want, which constitutes at present a grave obstacle to the correct technical arrangement of the societies, must be supplied as soon as possible. The ministry has already taken the work in hand, and is confident of being able to accomplish it, the more so if the societies will lend their effectual assistance by transmitting their annual reports regularly (dealt with in article 10 of the law), and also the statistical information I propose to ask them for.

Lastly, it is my intention to institute competitions for prizes for those registered societies whose organization is most perfect and most adapted to carry out the end they have in view.

The course to be followed by mutual aid societies actually existing and not recognized as legal bodies, in order to obtain legal status, is very simple. They must in the first place, ascertain whether the statute regulating their existence is in conformity with articles 1, 2, and 3 of the law; in fact, if the purposes of the society are those permitted to the said societies, and if all the requirements indicated by the law are met by the statutes. This being done, it is sufficient to present to the civil tribunal in the jurisdiction of which the society is situated a demand to be registered, and an authentic copy of their deed of incorporation. The existing societies, the statutes of which are not in conformity with the said articles of the law, must, however, call a general meeting of members in order to discuss the necessary reforms and to present later, together with the demand to be registered, an authentic copy of the revised statute, and a copy of the minutes of the aforesaid meeting. The tribunal, having certified that the statute contains the dispositions prescribed by law as above, will order the transcription and exhibition of the statutes according to the forms laid down in the case of companies. In complying with such conditions, the actually existing societies will have obtained legal status without other formality.

I trust that the workmen's societies will draw all profit from the new law, and will always realize those purposes of mutual aid and providence for which they merit the protection of the government, the parliament, and the country.

(Signed) B. GRIMALDI.

Humbert I, by the grace of God, and the will of the nation, king of Italy.

The senate and chamber of deputies have approved:

We have sanctioned and promulgate as follows:

ARTICLE 1. Workmen's mutual aid societies can obtain legal status in the manner established by this law, when they have some or all of the following ends in view:

To assure to the members a pension in cases of illness, incapability to work, and old age.

To assist the families of deceased members.

ART. 2. Societies of mutual aid may, besides, help in the education of members and their families; assist members in acquiring implements for their trade; and may perform other functions proper to prudential institutions. In these cases, however, the society must, in its annual estimates, specify its expenses, and how it intends to meet them.

Except as regards expenses of administration, the funds of the society may not be applied to ends other than those indicated in this and the preceding article.

ART. 3. The constitution of the society, and the approval of its

statute, must be by notarial act, except the provisions of articles 11 and 12 of this law, according to article 136 of the commercial code.

The statute must expressly determine—

The seat of the society.

The end for which it is formed.

The conditions and methods for the entry and retirement of members; the duties which the members undertake, and the rights which they acquire.

The means and precautions for the employment and conservation of the funds of the society.

The procedure required for the validity of general meetings, elections, and resolutions.

An obligation to prepare minutes of general meetings, of meetings of executive officials, and of the committee of syndics.

The formation of a committee of executive officials (*executivi uffici*), and of a committee of syndics, whose functions shall be determined.

The constitution of the representation of the society, both (legal) in courts of law and elsewhere.

The particular precautions under which the dissolution or prorogation of the society, and the modification of its statute, may be carried, when not contrary to the provisions contained in the preceding articles.

ART. 4. The request for the registration of the society shall be presented to the chancery of the civil tribunal, together with an authentic copy of the deed constituting it, and of the statutes.

The tribunal, after certifying the compliance with the conditions required by the present law, shall order the transcription and exhibition of the statutes in the method and form established by article 91 of the commercial code.

These formalities having been gone through, the society obtains legal status, and constitutes a collective body distinct from the persons of its members.

Changes which may be made in the deed of incorporation or in the statute will not have effect till the same formalities are gone through as those prescribed in the case of the first formation of the society.

ART. 5. The administrators of a society must be chosen from its active members.

They are temporary representatives, changeable at will, without obligation to give security, except in so far as may be required by special provisions in the statutes.

They are personally and unitedly responsible—

For the fulfilment of the duties inherent to their offices;

For the truth of the statements made in the reports of the society;

For the full observance of the society's statutes.

Such responsibility for acts of omission on the part of the administrators shall not fall on any one of them who, without delay, shall record his dissent in the register of the resolutions of the society, at the same time informing the syndics of the fact in writing.

That administrator shall not be responsible who did not take part, through justified absence, in the resolution from which the responsibility arises.

Besides civil responsibility, the administrators, directors, syndics, and liquidators of mutual aid societies who knowingly publish false facts with regard to the condition of the society, or knowingly in all or in part conceal facts respecting the same in the reports on the financial situation, or in reports addressed to the general assembly or the tribunal, shall be punished with a fine of 100 lire ($19.30), unless their offences are liable to heavier penalties under the penal code.

ART. 6. When suspicion has been aroused of grave irregularities in the fulfilment of the duties of the administrators and syndics of societies of mutual aid, registered in conformity with this law, the members to a number of not less than twenty of those belonging to the society may denounce the fact to the civil court.

The latter, in the case where the accusation is found to be justified, shall proceed in conformity with the disposition of article 153 of the commercial code, except as regards the security required from the petitioners.

ART. 7. When a society of mutual aid contravenes article 2 of the present law, the civil tribunal, at the instance of the public prosecutor, or any of the members, shall summon the said society to conform to the law within a term not greater than fifteen days.

Should this term pass without any notice being taken of this summons, the civil tribunal, after citing the representative of the society, shall order it to be expunged from the register of legally constituted societies.

ART. 8. The legacies and donations which a society has received or may receive for a fixed object having a permanent character, shall be kept distinct from the funds of the society, and the income derived from the former must be applied in conformity to the purpose fixed by the testator or the donor. If the society is liquidated, as in the case of its losing its legal status, these legacies and donations shall be dealt with according to the laws in force on the benevolent funds (*opere pie*).

ART. 9. Societies of mutual aid registered in conformity with the present law enjoy—

(1) Exemption from stamp and registration duty conferred on coöperative societies by article 228 of the commercial code.

(2) The exemption from the tax on insurance and the tax on personalty, according to article 8 of the sole text of the laws of taxation on incomes derived from personalty, August 24, 1877, No. 4021.

(3) Similar privileges to those of the *opere pie* as regards gratuitous defence (*gratuito patrocinio*) in the law courts, as regards exemption from stamp and registration tax, and as regards the measure of succession duty and duty on donations *inter vivos*.

(4) Exemption from sequestration and seizure of pensions due by the societies to members.

ART. 10. Registered societies must transmit to the ministry of agriculture, industry, and commerce, through the syndics of the communes in which they are situated, a copy of their own regulations, and of the report for the year. They must also transmit to the same ministry any statistical information that may be required of them.

ART. 11. Societies of mutual aid already existing at the time of the promulgation of the present law, and already constituted as bodies corporate, in order to obtain the registration and the advantages which depend thereon, must make the necessary application, revising, when necessary, their statutes in accordance with article 3 of the present law.

ART. 12. Societies already existing at the time of the promulgation of the present law, and not recognized as bodies corporate, whose statutes are in conformity with the provisions of the preceding articles 1, 2, and 3, shall present, together with the demands for registration, an authentic copy of these statutes, but are dispensed from all formalities connected with the formation of corporations.

The societies existing at the time of the promulgation of this law, the statutes of which are not in accordance with above named articles, shall also be dispensed from the formalities for formation of corporations, but

they must revise their statutes in a general meeting called for the purpose. Together with the demand for registration they shall present an authentic copy of the statutes thus revised and a copy of the minutes of the meeting in which the revision was approved.

The debit and credit account of such societies must at the end of six months be transferred in the name of the new body, and the exemption mentioned in article 9 will then be applied in the deeds necessary to this end.

Given at Rome April 15, 1886.

(Signed) UMBERTO.

(Signed) DEPRETIS.
GRIMALDI.
MAGLIANI.
TAJANI.

REPORT OF A COMMITTEE OF THE CHAMBER OF DEPUTIES ON A BILL PRESENTED TO THE ITALIAN PARLIAMENT JULY 11, 1890.

GENTLEMEN: The present bill had its origin in parliament on the motion of Pietro Vacchelli and Luigi Ferrari. The committee charged with its examination was induced by various motives to delay their report.

The problem involved was of a very important nature, and very difficult of solution. Your committee gave itself to the study of the question with minute and patient analysis, but it is confident that the controversy to which the project will give rise in the country and in the chamber will offer a means for the solution of difficulties and for the introduction of those improvements which an elevated and sincere criticism show to be necessary.

It was further our intention, in making the main idea of the project public, to insure a widespread support from workingmen and also the benevolent coöperation of some of the principal savings banks of the kingdom, in order that this new and noble form of providence should, on its first appearance in public, meet with a favorable reception from those for whom it is principally intended, and also the strong support of those historical institutions which promote, with conspicuous success, another no less noble form of popular providence.

Now that the main points of this project, through the initiative of the greater workmen's association at Padua, and by regular petition to parliament, has been adopted by so many societies of mutual aid, who together represent about 150,000 workers; that the Venetian congress of the societies of mutual aid assembled at Castel-Franco, where about 8,000 workers were represented, voted for its adoption; now that some of the most important savings banks have, in their reply to the Venetian congress promised their distinguished and disinterested advocacy, and that the president of the council, an old supporter of these humane projects, has announced his intention of giving it the most favorable consideration, the moment seems to be fitting to place our scheme before the public.

The idea from which the creation of a national institute of pensions is derived is a simple one, and is inspired by exalted sentiments of liberty and individual responsibility. It is not intended by it to withdraw from the workman the high responsibility of looking to the future which is emphasized and strengthened in societies of mutual aid and coöperation, but frankly to recognize the fact that, in the actual

condition of Italian wages, societies of mutual aid are not alone sufficient to provide a competent pension for aged workmen.

The national institute proposed supplies this want, by drawing from special funds a sum sufficient to reach the great object in view. One of these principal sources will be fed with part of the net profits of the postal savings banks. Sella, who was the founder of these, and the writer of a concise report, which together coöperated in introducing them into Italy, made it clear, in public discussions, that the postal savings banks should be institutions for public education and public providence, free from all idea of profit to the treasury. The more they grow the more the net profits will increase and the greater would be the sums coming to the pensions fund. Why should we not justly hope that in some decades the profits of the postal savings banks, without disturbing free savings, should approach a milliard? It will be seen, therefore, what an important part these profits would play in constituting the pension fund (*cassa delle pensioni*) even if the minister of finance wished to appropriate a fixed sum of the profits of the postal savings bank for the benefit of the treasury.

Another characteristic of this institute is that it is not dependent on the state; no responsibility in the matter attaches to the government. What took place in France, when the state was called upon to pay tens of millions for wrongly calculated pensions and interest ill provided for, could not occur; nor could the institution become, as in Germany, an ever increasing expense falling on the estimates. As in the case of the national insurance fund for accidents to workmen, conceived by the president of our commission and by the mover of this project of law, and founded with the assistance of the savings bank of Milan, this institute for old age would arise distinct from the government, under the protection of our great institutions of saving and credit, which would not refuse their concurrence in such a useful work, and willingly applying a wise and fruitful decentralization, would associate with the mutual aid societies a provident institution for the benefit of the Italian workman in his old age. The national fund for insurance against industrial accidents, which was looked upon with admiration at the Paris exhibition, where it received the grand diploma of honor—the highest award—at present insures workmen against accidents at the lowest premiums, and meets its obligations with maternal solicitude and benevolence. The savings banks of Milan, Turin, Bologna, Venice, Rome, the *Monte dei Paschi* of Siena, and the Naples and Sicilian banks, have no dividends to distribute, do not look to profit, but to the welfare of the Italian workman. And now that the government has presented to the chamber a project of law, the report on which is ready, intended to render insurance against accidents obligatory in certain cases and in some of the more dangerous trades, the existence of a national fund will be more than ever appreciated as an institution which protects us against the prevalent dangers of financial associations and from general state interference, as in Germany.

This will also be the case of the pensions for aged workmen. Let us first make the institution solid and secure, following, so to speak, our national duty; then we can examine the difficult problem whether it will not be proper to place part of the expense of the insurance against old age at the charge of the capitalist, and part at the charge of the worker; both shall be guaranteed ("integrate") by the allowance to the fund established in the above mentioned way, and clearly defined in the project of law. Thus, by studying what is done elsewhere for the object of solving the great social problems, which are the pride and

torment of our century, we shall proceed with Italian conscientiousness and Italian originality.

The idea of our pensions fund differs essentially from the tontine system, which, by dividing the profits after a given time among the surviving members, transforms the association for mutual insurance into a benefit society, into which the element of hazard enters. Our idea is derived from humanitarian sentiments, and leaves nothing to chance; the sums subscribed by the workmen and put to each individual's account, increased partly by the net profits of the postal savings bank, by the shares of the predeceased members, and by other general savings, after twenty years from the first subscription, are transformed into annuities (*vitalizi*) and redivided per head, thus carrying out the principle (within just limits) of one for all, all for one (*uno per tutti, tutti per uno*), and efficiently protecting the rights of the members and their families with such a system, the possibility of loss is excluded in the case of all the members, and it restores to the family of a man who dies before having a right to a pension his accumulated subscriptions, and it is thus that saving and insured providence are founded, assuming the semblance of one sole but doubly useful virtue.

To various of these conclusions, passed by large majorities by the commission, sundry members have made objections, which, however, do not concern the sources from which the sums are derived for guaranteeing the savings of the workmen, nor are they opposed to the main idea of the new project.

The measure closes with a proposal which bids fair to realize one of our dearest and oldest ideals. Confident that timely help will not be lacking from the savings bank of Milan and the other institutions confederated in the good work, we hope that in Rome may arise the august temple of popular Italian providence gathering round itself, harmoniously conjoined, the two great institutions of popular insurance against accident and against old age. They are both offshoots of the same principle, which has undergone the same vicissitudes and been subject to the same discussion in all civilized states, and seem to us destined to live and work together, fostered and guarded in one and the same place, although technically distinct.

(Signed) LUZZATTI.

PROJECT OF LAW PREPARED BY THE COMMITTEE.

ARTICLE 1. A national pension institute for workmen in their old age is hereby created. It consists of a self governing body corporate, the seat of which is fixed in Rome.

It involves a central fund and local funds regulated according to article 3.

ART. 2. A superior commission is instituted, charged with discussing questions of general organization and management connected with the pension institute for aged workmen and the local funds.

By royal decree, the mode of representation in the superior commission, and its powers in arranging official details, shall be determined according to the number and status of the bodies which contribute in endowing the institute.

ART. 3. The separate local funds are managed, in accordance with the provisions of the present law, by the ordinary savings banks, and by those associations of mutual aid having the necessary qualifications, and are specially authorized to act by the superior commission according to the rules laid down in the regulation.

The associations of mutual life insurance not having objects of profit, and not declaring dividends or giving interest on the reserve fund, are placed on the same footing as the savings banks and mutual aid societies.

ART. 4. In order to be authorized according to the provisions of the preceding article, every savings bank and mutual aid society must establish a pension fund, which shall bear the name of the original institute, and shall apply in this work a guarantee fund of not less than 50,000 lire ($9,650) of unemployed capital, or capital bearing no interest, and repayable by degrees as sums come in to meet it.

Two or more savings banks or mutual aid societies may unite in one body, having one principal office to carry on the pensions fund, which shall bear the title of the united societies and the name of the commune in which the said office is situate; it shall, however, remain in the power of the society to establish the central office at one of the associated institutes.

In such cases the shares of the separate associated institutes for the guarantee fund may be less than 50,000 lire ($9,650), provided that they together reach that sum.

ART. 5. The management of the local funds is under the supervision of the superior commission, confided to the administration of the original institute, but it must be quite distinct from the management of the accounts and the administration of its own capital.

When the pension fund is instituted by a union the administration is organized according to special arrangement between the associated institutes, which must be approved by the superior commission. This administration could also be trusted to a single one of the societies, and in such cases the provisions stated in the second paragraph of the preceding article come into force.

The original institute or member of a union is not responsible for the management except in proportion to the fund assigned by the terms of article 4, always excepting the personal responsibility of the administrators.

ART. 6. Italian citizens of either sex, whatever be their age, can be inscribed at the national institute for pensions, provided they are members of a society of mutual aid or coöperation, have a recognized legal status, and have received from the syndic a certificate showing that they are workmen, or belonging to a family of workmen. They can inscribe themselves on any of the local funds or at the mutual life insurance societies referred to in article 3.

The local administration of the fund decides, without appeal, as to the admissibility of the request.

ART. 7. Each institute or union receives names within the territory assigned to them by authorization of the superior commission, but it carries on business with the subscribers and pensioners in every part of the national territory and through the consuls and vice-consuls abroad. The mutual life insurance companies mentioned in article 3 can extend their action to all parts. The clerical work of the funds in their relations with the members, and between the funds themselves, is done gratuitously by the postal savings banks.

ART. 8. The provisional, or, as the case may be, final revenues of the central fund are made up in the following manner:

(1) Six-tenths of the net annual profits of the postal savings banks, referred to in the law of May 27, 1875, M. 27779, series 2A.

(2) Six-tenths of the net profits annually derived from the employment of the judicial deposits referred to in article 8 of the law of June *29, 1882,* M. 835, series 3A.

(3) Sums derived from the provisorial and *consorzio* notes, and those which were formerly *consorzio* notes not presented for exchange within the time established by articles 7 and 8 of the law of April 7, 1881, N. 133, series 3A.

(4) The surplus of the income of the fund for public worship reverting to the state by the provisions of article 35 of the law of July 7, 1866, N. 3036, till it reaches the sum of 20,000,000 ($3,860,000), interest not included.

(5) The intestate property to which the state succeeds, according to article 758 of the civil code.

(6) Sums which may come to the fund from any source whatsoever.

ART. 9. The revenues of the local funds are formed from the interest of the sums paid in as guarantees by the local funds, of the payments made by the subscribers or by other parties in their favor, and by legacies for special purposes left to particular associates, or groups of associates.

ART. 10. It is the duty of the commission mentioned in article 2 to decide respecting the investment of the capital and the disposable sums coming from the pension funds, central and local, which, except the sums applied to the acquisition of premises for offices, with the provisos laid down in the regulations, must be exclusively invested in Italian public debt, in shares having the guarantee of the Italian state, in Italian treasury bonds, in interest bearing deposits at the deposit and loan bank, or in shares of the Italian *crédit foncier*. Other forms of investment may be authorized by royal decree promulgated after consultation with the council of state.

ART. 11. Each subscriber has one individual account. He may make one or more deposits in the course of every year in a sum not in the aggregate above 500 lire ($96.50) annually. Subscribers acquire a right to pension after twenty years from their first subscription, provided they have then completed 59 years of age, with power to retard the enjoyment of the pension in order to increase it.

The pension is calculated by converting into an annuity the capital formed by the subscriptions and the accumulated interest. The rules regulating this conversion are to be left to the local funds, and those concerning reassurances at the central fund, the proportions (according to the different ages) between capital and income, and the tables of mortality and of interest, according to which these proportions are calculated, shall be determined by special royal decree, after consultation with the superior commission of the national pensions institute.

ART. 12. The pension calculated according to the subscriptions of the associate may not exceed the sum of 500 lire ($96.50) a year.

The sums exceeding the capital necessary to produce such a pension shall, on the first payment of the pension, be restored with compound annual interest. The sums to be divided, consisting of the profits on the common fund (explained in article 15), shall go to increase the capital formed by the payments of the subscribers and the respective interest till the pension reaches the sum of 500 lire ($96.50), or can, to the extent of one-half, be paid in money to the associate when the pension becomes due, should he desire it.

ART. 13. The sums paid up by the subscribers who die before becoming entitled to a pension must immediately be paid over to their successors as soon as it is demanded, increased by the compound interest according to the rate fixed by the superior commission, without taking into account any division made under article 14, which will go to increase the common fund to be divided among the other associates according to the terms of article 14.

The word "successors" is intended to mean legitimate successors, as in article 721 of the civil code (the state, whose place is taken by the pension fund, being excluded), and legatees.

ART. 14. The central fund accumulates for fifteen years from the day of its foundation the half of the interest and profits accruing from the employment of the sums which form its funds (according to the tenor of article 9).

The other half is equally divided per head among all the subscribers during the fifteen years above mentioned, and seven-tenths in the sixteenth year, and in all successive years.

No subscriber's account, however, can be credited with a larger sum than that paid in, in the aggregate, to his credit. The sums which are in excess in a year, on account of such limitations, shall accumulate with those disposable in the succeeding year, and thus from year to year.

ART. 15. From the beginning of the sixteenth year of the foundation of the pensions fund, and in each of the succeeding years, three-tenths of all the annual interest derived from the capital, in whatever way this has come to the central fund, must be applied to increasing the capital of the fund.

ART. 16. At the end of every five years, in proportion to the mortality which has taken place, and to the interest accrued from the employment of the funds of the central and separate local funds, the superior commission shall determine the surplus or deficit to be applied to each fund. In the case of surplus, this shall be assigned to the reserve fund of the central fund, from which it shall be taken and assigned to the separate local funds which may stand in need of it, in case of deficit, and shall proceed at the same time to an equivalent modification of the table of proportions concerning which mention is made in article 11, in order to obtain the proportion between the interest and the means at the disposal of the said bank.

ART. 17. Societies of mutual aid, having a legal status, can pay into the fund sums which they have collected for the purpose of forming pensions for the members; such payments can be made by collective or individual inscription, according to arrangements to be made with the separate local funds, and to be approved by the superior commission.

ART. 18. The pensions, and whatever sums to the credit of the subscribers there may be in the pension bank, admitted to the benefit of this law, can not be sequestrated or ceded, and can be claimed only by power of attorney in case of illness or hinderance, certified by the syndic of the commune in which the residence of the subscriber is fixed.

ART. 19. The pension funds enjoy the same privileges as regards fiscal exemptions as the ordinary and postal savings banks.

The deeds founding the central and local funds, and any future modifications in their statutes, or the transfer of shares in the public debt in which the capital of the funds may be invested are exempted from stamp, registration, and all other taxes. The donations and payments made in favor of the bank, either *inter vivos* or on account of death, are exempt from registration, stamp, and mortgage tax, and from all other taxes.

ART. 20. On the motion of the superior commission, and with the approval of the government, other forms of provident insurance (*previdenza assicuratrice*) may be added to those existing, and may be worked by the pensions fund.

Power is given to the king's government, after agreement with those foundations (*enti fondatori*), to unite at Rome the institute for pension-

ing old age and the institute for the insurance of workmen against accidents.

ART. 21. The present law shall be carried into effect by means of a regulation to be approved by royal decree, after consultation with the council of state.

ENGLAND.

If English economic traditions are taken into account, no country presents more startling changes of opinion in respect to social questions in their relation to legislation than England. Some of the most widely accepted principles have been, under the influence of this insurance discussion, so modified that we can hardly recognize them. It was at first said: "It has been brought about by ambitious politicians who hope to make their way by promising great things to the electors." A glance at the names of those who have shown most interest in the question of workingmen's insurance shows that the charge is in no sense true. Economists of first rank, clergymen like Canon Blackley, statisticians like Charles Booth, are as strongly in favor of some form of national insurance as politicians like Sir John Gorst, Mr. Chamberlain, or Mr. Hunter. The same change of opinion is taking place here as to the responsibility for certain forms of misfortune and poverty as in every civilized country of Europe. It is only the backward countries like Russia and Spain that show little interest, although even Russia is not without a real and definite beginning of interest in the issue. This interest is peculiar to no form of government nor to any class of persons in society. It has come to consciousness wherever the larger industries have been highly developed. These modern conditions have at last made it clear how unfairly helpless large classes of laborers are in the face of dangers over which they have either inadequate control or no control whatever.

England has begun where Germany ended, with the question of insurance against old age.

Fortunately for the sake of clearness the evils with which the English advocates of insurance hope to deal are definite—the actual facts of pauperism.

The whole discussion has such significance for the general problem, as was true in less degree of Denmark, that its development will be here given.

Mr. Charles Booth, in his address before the statistical society (Statistical Journal, December 1891), showed how he feared every exaggeration of pauperism; and yet how appalling the figures were! The plain record of the facts as he finds them is driving him for a remedy to what many of his friends consider extreme measures. He allows fully for the difficulties, but finds "two out of every five men and women who live to be 65 are destined under existing circumstances to become chargeable to the poor rates, to be a burden upon the poor law." Influential papers, which ridiculed a socialist writer seven years

ago for a more moderate statement of the evil, now practically accept Mr. Booth's figures. Mr. Chamberlain says:

I want to tell you two things which are worth bearing in mind. Of every man and woman who is today living at the age of 25, one out of two will live, according to the tables, to the age of 65. I often hear people say, "Oh, working people do not live to 65." There is no greater mistake. There are at the present time 2,000,000 people in the United Kingdom over 65, and the majority of them belong to the working classes. One out of two—remember that—will live to be 65. The second point—and this is more serious—is that, out of those who live to be 65 under present conditions, 40 per cent., two out of five, will be paupers, will have to depend for their subsistence upon poor law relief. That is a matter which I have calculated for myself and for which I have given my authority on previous occasions. But the figures I am quoting now are not my own. I have got a better authority than any I could give. They have been sent to me by the kindness of Mr. Charles Booth, who is well known as the greatest living authority upon pauperism and the condition of the poor.

In the editorial comments of the Times we read, "Mr. Booth's figures justify Mr. Chamberlain." "He gives statements precise as a balance sheet, dealing with points vitally material to any old age pension scheme;" and Mr. Chamberlain's "arguments for such a scheme have been much strengthened by Mr. Booth's paper." Even the Daily News finds no objection on principle. It says: "It can not be too carefully borne in mind that, in providing universally for old age, we should not be so much taking up a burden as readjusting it." The poor are now "cared for in the way most unsatisfactory possible, * * * in a way discouraging to thrift and effort, degrading to the old people, often cruelly burdensome. Sooner or later we shall amend this; * * * it will not be by the exercise of any intricate ingenuity, but by a bold humanitarian recognition of a public duty to those great masses who have spent their lives in the public service." This final sentence is to the letter as if written by some socialist of the chair in 1878 or 1879, when the discussion of state insurance was becoming public in Germany.

With the general proposition of old age insurance, Mr. John Morley expresses distinct sympathy: "I have taken great interest in the subject, and have ventured to say that I think the man or the party who solves this question—the question of preventing a man who has worked hard all his life, maintained his family, and been a good citizen, from going in his old age to the workhouse—the man who shall put an end to that state of things will deserve more glory than if he had won battles in the field." At Sheffield Mr. Morley said: "Could not the state use its influence in the direction of something like national insurance? The most afflicting thing to be seen in modern society is that after men have spent their natural force they were so often left beggars."

Sir John Gorst speaks with greater precision and confidence. He praises the German compulsory insurance, and finds no objections

against a considerable application of it to England. He maintains that now in England "no man dependent on his daily wage could be considered in a satisfactory position unless he was insured." To those who cry out against compulsion he answers, "Why, the state exercises compulsion already!" using the same argument employed by Canon Blackley, Mr. Chamberlain, and others—that state pensions introduce no new principle. Compulsory contributions levied on property to the extent of several millions of pounds per annum are taken in such a way as not to reach the end sought. "We will try," says Mr. Chamberlain, "to rationalize this already existing principle, and make it really effective."

Nor is it the politician alone who takes this new position. Several of the older and more distinguished charity workers have pronounced in favor of such pensions—men against whom no fair charge of sentimental weakness could be brought.

Mr. Ede, formerly lecturer upon political economy at Cambridge, writes out of a long experience, in the Contemporary Review, April 1891, that, in his opinion, the trades unions, even with the help of the friendly societies, can not begin to deal with this question, since they touch only the more successful body of laborers, not the great mass of the unskilled. To those who hope that the "thrift movement" will finally reach these masses, he says: "Is it reasonable to expect such thrift of the average agricultural laborer? * * * Forty-five per cent. of the deaths over 60 years of age were those of persons who had been in receipt of poor relief, *i. e.*, nearly one-half over 60 were paupers. Can we expect such thrift from the unskilled laborers in towns whose average wage in consequence of irregularity of employment is scarcely, if at all, above that of the agriculturalists? Manifestly we can not." Of London he says: "One in five of the deaths occurs in a workhouse or public hospital. If we eliminate those above the wage earners the proportion will be something like one in three for all ages. If we take those of 60 and upwards, one in two will more accurately represent the proportion. * * *

"Four hundred and ninety thousand persons over 65 years of age in receipt of relief during the year—over one in three of the whole population of that age—and even this takes no account of lunatics or the large number who struggle on in feeble bodily health, or eke out an existence of semi-starvation on their little savings, dreading nothing so much as that they should survive their slender store and be driven to the parish, and the house at last."

He asks if it is more ignoble that these should receive pensions than that more than 100,000 in the army, police, navy, and civil service should receive them.

Dr. Spence Watson writes: "My hope and belief is that a carefully considered scheme may succeed in preventing those who have labored through life in the service of the state being compelled, in their declining days, to seek a refuge in the poorhouse."

Further still goes Dr. Hunter, member of parliament, of Aberdeen, who would have an allowance for orphans till the age of 16. As Dr. Hunter's was one of the earlier schemes, and the actuarial calculations are said to be most accurately made, it may help us to see what his conditions and proposals are:

Weekly wages.	Paid by laborer.	Paid by employer.	Paid by state.	Weekly pension.
$1.4600 to $2.8996	$0.0203	$0.0203	$0.0811	$1.2168
$2.9199 to $4.3595	.0406	.0406	.0811	1.7033
$4.3799 or more	.0811	.0811	.0811	2.4333

Though this plan is costly, Mr. Ede says of it: "Is Scotland always to lead the way? In 1853 it obtained its Sunday closing act; in 1891 England's is still in the future. In 1890 Scotland obtained free education; we are only talking of it. Is it to be the same with national insurance?"

In May 1885 a select committee was appointed "to inquire into the best system of national provident insurance against pauperism." This committee of thirteen members contained the names of John Morley, Mr. Stanhope, Herbert Gladstone, Joseph Cowen, Sir Herbert Maxwell, and other well known members of parliament. The testimony given during several days' sittings before this committee was published in a report in July 1885. The well known authority upon charity, Judge Aschrott, of Berlin, was summoned to give testimony as to the German system of compulsory insurance. Mr. Morley's interest in the pension scheme seems to date from these sittings, and Sir Herbert Maxwell became an active agitator in its favor in and out of the commons.

The points of special interest are: (1) The fact of widespread pauperism which existing poor law administration is doing so little to meet; (2) the fact that saving is confined to a relatively small proportion of the stronger members of the working class; (3) the fact that many of the friendly and other benefit societies are in a condition so risky as to make it a social duty to warn laborers from joining them, together with the further fact that the great and successful societies, in spite of their enormous membership, are not attracting, nor likely to attract, the great masses of unskilled labor.

The testimony as to the practical inadequacy of existing insurance institutions to secure economically the future of the large body of laborers was essentially the same as in Germany. In both countries this point has been a vital one. Every English advocate of old age pensions endeavors to show, in spite of the immense service of benefit societies, how sharp are their limits. To those born with a little property, to the skilled, and to the strong, the self help societies in every form have been an unmeasured good; but to the skilless, the stupid, the weak, to those families in which sickness has been constant, such associations have neither brought advantage nor are they likely to do this.

The new trades unionism is just trying its uncertain hand with the unskilled, but has as yet given too scant evidence as to its ability. The older unionism has a membership of some 750,000. If it be once conceded that the masses are to be insured, few would trust to this source.

The friendly societies have a commanding record. If we include besides the affiliated orders, the railway and mining associations, collecting societies like the Victoria Legal, we have the imposing result of more than 5,000,000 persons who are of their free choice insured against sickness. It is idle, however, to deny that public confidence has been shaken in the ability of these institutions to insure the very part of the labor world which needs security most. Such provision, moreover, as these societies have made for old age pensions, has practically failed. The cost, too, of the collecting societies is very great, nearly four times as expensive as the present state method in Germany. It is thus with great force that the advocates of the pension scheme repeat, "If we are to reach our object of securing old age pensions, we can no longer trust either to the existing poor law or to the various forms of benefit societies."

Omitting the variations, we may consider what is essential in this movement by looking at two schemes—that of Mr. Chamberlain and that of Mr. Charles Booth. Canon Blackley, who has been the most conspicuous agitator in England for this reform, is now willing, for practical reasons, so to modify his proposals as to work with Mr. Chamberlain. The earlier plan assumed that between the ages of 18 and 21 wages are such as to make possible a payment of £10 ($48.67), also that compulsion is essential to secure the end. The discussion in the select committee of the house of commons (1885) forced both the provisions for "sick pay" and "compulsion" to be dropped.

For anything like compulsion public opinion was unprepared, while the all powerful friendly societies showed instant opposition to a rivalry by the state in paying the sick. The pension age was also lowered from the German limit of 70 to 65. There was thus established a "voluntary state aided old age pension scheme." The support of the league was further conditioned upon two points: (1) That the insured should make a contribution from their own resources; (2) that the contributor's contract for a pension be only recognized "as entitled to state augmentation if effected through some financially sound organization, whether a friendly society, an annuity office, a pension's trust fund, or the post office."

The plan of Mr. Chamberlain, in spite of its tentative character and the author's extreme solicitude lest the friendly societies should be frightened into opposition, attracts daily more and more public attention. The scheme of Dr. Hunter seems to be merged in the final statement given by Mr. Chamberlain in the National Review. As political exigencies will not admit at present of compulsion, the object is to

persuade the workman by a "temptation" both strong enough and immediate enough to induce him to begin his payments.

Accordingly, to induce a workman before he reaches the age of 25 to save £5 ($24.33) for this purpose, the aid of the state might be given in the shape of a bonus of £15 ($73), which would be added to his own deposit in the books of the savings bank. It is believed that few workmen would resist the temptation to secure £15 ($73) by saving £5 ($24.33). Having thus commenced the provision, the insurer would be required to continue it by an annual payment of 20 shillings ($4.87) a year until he reached the pension age of sixty-five. To provide for temporary want, illness, or other accident, he would be allowed at any time to make up subscriptions in arrear, providing that they did not extend over more than five years. Until this period has been passed there would be no lapses.

In return for this subscription he would become entitled on reaching 65 to a pension of 5 shillings ($1.22) per week to the end of his life.

If the insurer dies before 65, leaving a widow and young children, one or the other, a small weekly allowance may be paid to the widow for six months after his death, and, in addition, a payment of two shillings (49 cents) per week for each child until it reaches the age of 12 years (which is the half time age), provided, however, that the total sum payable to the same family shall never exceed 10 shillings ($2.43) per week for the first six months, and 8 shillings ($1.95) per week afterwards. If the insurer dies without widow and children, he might be permitted to leave a sum proportionate to the amount of his subscriptions to any authorized representative.

In the case of women separately insured it does not appear necessary to do more than provide for the old age of the insurer, nor to provide a larger pension than 3 shillings (73 cents) a week. This benefit can be secured by a deposit of £2 ($9.73) before 25, and an annual payment of 8*s.* 8*d.* ($2.11), the contribution from the state being in this case £8 ($38.93) at 25. This provision for women is a very important part of any scheme. The number of old women who are now driven to accept poor law relief after the age of 65 is very much greater than the corresponding number of old men, while the existing provision made for such women by the friendly and other societies is much less general. Women in domestic service, and engaged in the lower branches of educational work, would find no difficulty in providing the amount required, and would be in most cases glad of the opportunity, the advantages of which would be pointed out to them, by their employers, who would also often be willing to contribute something themselves in order to make the scheme easy.

With the view of meeting the legitimate claims of the friendly societies and of securing their cordial coöperation, it is suggested that the conditions offered by the state shall be offered equally to those who are insured in the societies as well as to those who adopt the post office system. The societies will be able, therefore, to compete with the government on equal terms. In other words, it is proposed to divide the pension into two parts, one part being attributable to the contribution from the government, and the other being the proportion provided by the insurer himself. The former will be available as an addition, whether the latter is secured in the post office, or in any society, union, or other organization preferred by the subscriber. As the addition will be made in this case in the form of an increase to the pension whenever it becomes due, it will not be necessary for

the government to exercise any additional control or supervision over the management of the societies. All that will be required is that the insurer, on reaching 65, should prove that he has acquired his share of the pension, whereupon he will be entitled to receive the government addition.

Remembering that "politics is the science of the possible," it is perhaps unfair to make too much of the glaring weakness of this proposal to "tempt" the masses to save. There is a great variety of such temptations already in existence. Many of them are indeed far more tempting, pecuniarily, than Mr. Chamberlain's. Five shillings ($1.22) weekly pensions at 65 is offered by the Foresters for an annual payment of 13*s.* 5*d.* ($3.26) begun at 25. It has wholly failed to tempt even those who could have easily saved the premium. The experience of the powerful Manchester Unity has been no different. No form of government annuities or post office savings have begun to reach the class which most needs to save and from which pauperism chiefly springs. The stoutest advocates of the German old age pensions admit that the great mass of the laborers are, if not sullenly hostile, absolutely careless of this form of state insurance. If Mr. Chamberlain's plan is tried, it will follow quickly that compulsion will be found necessary even for the beginning of success. We are indeed sure that Mr. Chamberlain knows this quite well, for he says the scheme must be voluntary "at present." Canon Blackley and his friends also seem to have yielded the point of compulsion because convinced that it would be only temporary. One other thing it is safe to say. If the German scheme has such relation to the general problem as the English advocates seem to believe, not only compulsion will be necessary, but very extreme powers will have at last to be given to the state, in order to make so vast a mechanism work with practical efficiency.

The final scheme of Mr. Charles Booth surpasses, both for boldness and simplicity, all others. He would not admit, probably, that it is a "scheme" at all. He says, "Whether by some system of deferred annuity, old age might not be eliminated entirely as a cause of pauperism, I will, without attempting a final judgment, state the case for and against as it appears to me."

As all these plans have one common aim, the removal of pauperism, Mr. Booth at once discusses, in as subtle an analysis as has yet been given, the amount of pauperism(*a*). And here it may be remarked that it is greatly to the advantage of clear discussion that the object of these proposals is so definite. In Germany "social democracy," "universal unrest," "class inequality," and indeed many other despairs are to be removed. In England the whole dispute centres upon the amount and the character of existing pauperism.

Mr. Booth's conclusions scarcely differ from those of Canon Blackley;

a The title of his paper before the statistical society is Enumeration and Classification of Paupers and State Pensions for the Aged. Statistical Journal, December 1891.

and many of the critics who were contemptuous of his figuring at once bow to the conclusions of Mr. Booth. He says, "It is remarkable that Canon Blackley by an entirely different method arrives at exactly the same conclusion." "Such a state of things," he adds, "is both startling and deplorable."

It is clear that an important moment in the discussion of social legislation has been reached when the best equipped man, scientifically, seems thus to take sides against the best poor law authorities, and in favor of the more popular instinct as to pauperism. The ablest opponents of the old age pensions have been among those who hold that outdoor relief is now the chief obstacle in dealing with pauperism. "Where these poor law principles have been applied rigidly and severely, pauperism has decreased." This point is vital for the issue. Mr. Booth has evidently been careful to inform himself as to the facts by visiting those unions where the "principles of 1832" have been most strenuously applied. That he has not been convinced of their adequacy is shown in his last paper. He finds that these instances of successful application are exceptional, or owing to men of very unusual qualifications—"conditions that could not be trusted for national purposes." "To attempt the enforcing of such a policy by law would be considered very harsh, and might not succeed, so that, besides being at best very slow in action, it is for the whole country in effect impracticable."

Mr. Booth thus proposes a universal state pension scheme, to be drawn by direct taxation from national income. The expense is estimated at £17,000,000 ($82,730,500) per year:

What would they get in return? Manifestly (the insured) would benefit unequally. The rich as a class would pay more in proportion to what they receive than would the poor; but lying between them would be a middle class which would pay and receive about equally. Roughly speaking, this middle line of equality would consist of those who have a family income of about £150 ($729.98) a year, shared by four or five persons, young and old. The quite poor, whose income for the same number of people is only one-fourth of this sum, would as a class pay in taxes only one-fourth the value of the annuities which would fall to their share; and the extra payments of the better to do and rich would balance the account. * * *

Considering a whole generation, those who die before 65 pay, but receive nothing. Considering the facts of a single year, the young in every class pay for the old. * * *

As a matter of public burden, the present cost of maintaining aged paupers would be saved. For those in the house the guardians would draw the pension—gradually it may be hoped that all except the very helpless or very reckless would manage to find homes outside—and out relief for the aged would naturally come to an end.

We must also disregard the idea that any old man would be above drawing his pension, as it is of the essence of the proposal that the pensions should be for all and absolutely free from any poverty qualification whatever (*a*).

a Pauperism and the Endowment of Old Age, pp. 197,200.

Here the complicated mechanism of the German system is dropped. The employer has to take no toll from his laborers' wages, nor to make to their contributions any additions of his own. It avoids, too, more than any other plan, the criticism of being a form of class legislation. The charge instantly brought against such legislation is that the sense of self help and thrift would be weakened. Mr. Booth meets this, as the socialists have long claimed would be the result, by the suggestion that the security and hope added to old age by these pensions would stimulate rather than check "the forces of individuality." This argument has done much service in the history of the German scheme, although no one could as yet point to a conclusive fact in its support.

It is not doubted that a sense of insecurity and hopelessness are powerful forces making for economic waste rather than for economic repair. That the very class, however, which most needs these pensions would be made by them more prudent and thrifty, that the stupid and weak would have "the forces of their individuality" strengthened, is a statement which can not be classed among the facts of experience, but rests upon a generous and honorable faith in human nature.

Yet who can assure us that Mr. Booth's faith may not be truer to present conditions than the opinion of those whose remedy for pauperism is a stricter enforcing of the poor law? The nicest point of the problem is here. It has been the theory of the poor law reform act of 1834 that "fear of want" was the great safeguard against pauperism. There is now experience enough to make one statement about this fear argument very safe, namely, that large classes of laborers are almost wholly unmoved by it. Fear of want has no such influence upon them as the theory presupposes. The statement is equally safe that large classes are, on the contrary, very powerfully affected by whatever adds hopefulness to their lot. A German biologist has shown that the "hunger argument" has done in the lower animal world far too much service. It seems quite as true of the "fear of want" argument in the question of pauperism. "Sense of security and hopefulness" upon purely economic grounds are everywhere found to have unexpected values.

Mr. Booth uses the socialist argument (Professor Marshall seems to agree with him) that the hopefulness which a feeling of economic security gives is of far greater promise. This sense of hope and security he thinks is likely to be reached by his pensions. With such experience as we have at command, it is impossible to deny that this may prove true so far as the principle can be applied. It is moreover a point of extreme practical importance, since sentiment is becoming so powerful a factor in social politics that the voters are not in the least likely to sympathize with any such stringent application of the poor law as this "fear of want" argument implies. The "science of the possible" must more and more take this sensitive mass of feeling in the rising demos into account. A German baron complains recently, "I

can't work any longer for the legislation that is best; the electors won't let me." It may be a subject of complaint. It is most certainly a fact.

It is essential in any criticism of Mr. Booth's scheme to remember that among the causes of pauperism, old age stands first. Neither drink nor sickness is in his opinion so important. Drink accounts at most for 25 per cent., even if we reckon in indirect contributory causes.

CAUSES OF PAUPERISM.

Causes.	Per cent.
Old age	32.8
Sickness	26.7
Drink	12.6
Accident	4.7
Trade misfortune	4.4
Pauper associations and heredity	1.1
Contributory causes:	
Old age	17.0
Pauper associations and heredity contributed chiefly with sickness, drink, and old age as principal causes of the cases.	17.0
Drink, with sickness and old age as principal causes	12.0
Sickness	12.0

Hon. Arthur Acland, who was one of the select committee on national provident insurance, says: "So far as they go (Booth's figures) they seriously disturb the comfortable belief of those who sometimes speak as though old age pauperism were largely the fault of the paupers, and therefore to be treated only by deterrent methods."

If an exception be made of the friendly societies there are growing indications that workingmen's interest in insurance is increasing. These indications may be seen in such papers as Clémenceau's *La Justice*, in the London Chronicle, and especially in the organs of the Swiss democracy. The following from the radically democratic paper, the London Star, will sufficiently illustrate this:

The public mind is gradually being awakened to the great importance of old age pensions. The vast majority of workmen are in favor of pensions. Most leading statesmen and members of parliament are inclined to view favorably any practical scheme for that object. The great business is to get at a practical scheme. Shall men and women be compelled to subscribe, or shall they be treated like most other servants of the state, simply be entitled to a pension after they arrive at a certain age? There is much to be said for both questions, but for simplicity commend me to the latter.

I can see many objections and difficulties if the state form a scheme based upon subscriptions. Firstly, the payments must be compulsory to be effective; but how are they to be collected from men who fall out of work, say, for instance, the unemployed? Again, men and women must not be allowed to get erased, or the chief object of the scheme will be defeated. To make the employers collect the subscriptions would not meet the whole case, it would not get at the great army of casual labor. No, it seems to me the scheme must be, in this particular, similar to the civil servants' pension scheme—the state must form a fund to meet the demand. The minority of workers receive pensions at the present time, and I see no insuperable difficulty to extending the

practice to all. It is a very strange and anomalous fact that those who receive pensions at the present time are the non-producing class, while those who do not receive pensions are the actual producers. I am not here denouncing the non-producers. I am simply pointing a fact.

The financial aspect is, in reality, the crux of the whole question. How many are to be pensioned? At what age are they to be pensioned? And how much is the pension to be? The number to be pensioned will be determined by the age settled. If the age be put at 60, the total number of persons is put at 1,400,000, of which 300,000 are paupers, but I do not think a rigid line should be drawn at 60. Although I would make 60 the entitling age, there are some who, through exhaustion, are as old at 50. There are trades, such as the cutlery trades, which hasten age terribly. We will take it that half a million persons will be on the pension list. What then should the amount be? It would not be wise, in my opinion, to make a universally fixed amount. In rural districts it would be different from and less than in towns, but for the argument let it be put at 10 shillings ($2.33) per week for each person entitled; if man and wife, somewhat less than double. Calculating upon this amount, the extreme cost to the nation would be about £12,500,000 ($60,831,250). The cost of distribution need be but very trifling. From this must be deducted a very large proportion of the present cost of the paupers. The amount necessary to keep over 1,000,000 paupers is nearly £9,000,000 ($43,798,500), and this, with all the rooted objections to the workhouse; remove these objections, and very many more would go into the union. Suppose, then, the pension scheme in working order, a large number would prefer it to the union, and so lessen the amount of rates necessary to keep them perhaps one-half, which would mean £4,500,000 ($21,899,250). This would leave £4,500,000 ($21,899,250) to be raised from the poor rate instead of £9,000,000, ($43,798,500) and £8,000,000 ($38,932,000) to be raised by the state. How this sum is to be raised is too wide a question for the present letter. I would not limit persons to this small amount weekly if they could, during their years of ability, pay for some addition to it. The money they paid to the state could be repaid to them plus the 10 shillings ($2.43) pension, none should lose their subscriptions. The amount paid in could be paid back in instalments until exhausted.

Now, having looked at the financial aspect fairly, there is nothing that should frighten us in it. Nay, on the contrary, when the enormously good results that are likely to follow are compared with the smallness of the cost, there is hope that it will outweigh any objection upon the score of pounds, shillings, and pence. A nation like this, that does not scruple to spend £10,000,000 or £12,000,000 ($48,665,000 or $58,398,000) extra upon war ships and muniments; that does not hesitate to spend £59,000,000 ($287,123,500) annually upon the army, navy, and national debt; that does not mind spending millions annually upon pensions for a few thousands of individuals!

The railway servants employed by the London and Northwestern company are anxious to keep up their present "mutual insurance funds," by which they contract themselves out of the employers' liability act in consideration of the company making an annual contribution to these funds. That these contributions are large will be seen from Mr. Newdigate's question in the house last night, being, it is said, as much as £32,000 ($155,728) annually. As the new employers' liability act forbids any contracting out of the act, the railway company contemplates discontinuing the arrangement, unless the government are prepared to

make an exception. It is quite clear that no such exception will be made. The government intend to follow out the conclusions arrived at by the grand committee, who carefully considered the point, and will leave the clause forbidding "contracting out" to stand absolutely. The railway men may think the new provisions not so advantageous for themselves as a class, but the law will gain greatly in clearness and consistency, and these have been the chief qualities it has lacked all along.

In Mr. Spender's careful study, The State and Pensions in Old Age, to which Mr. Acland adds a sympathetic introduction, certain general conclusions are clearly drawn, although the writer endeavors conscientiously to confine himself to impartial exposition of evidence.

These conclusions are as follows:

(1) That the poverty among the working class in old age has not been exaggerated, but is hardly as yet realized to the full by the public. A great deal of this poverty is quite unavoidable by any efforts earlier in life. The tendency of modern industry is often against the aged, and even the elderly. Though modern wages are higher, the earning period is generally shorter than formerly.

(2) That provision for old age among the working class is not made through existing institutions in any form that can be regarded as permanent and satisfactory. The superannuation schemes of the larger friendly societies have broken down, the post office annuities quite fail to meet the case, and other schemes are partial or temporary. The indirect method adopted by friendly societies of providing for old age through continuous sick pay is open to grave objection, and extremely dangerous to the financial stability of these societies. There is, therefore, no ground for the assertion that state action would compete unfairly with existing voluntary agencies.

(3) A universal compulsion to contribute by instalments or in a lump sum to any scheme of insurance against old age would be impossible and unworkable in this country.

(4) The only method of dealing with the whole problem of poverty in old age and superseding outdoor relief, is to adopt the plan of paying a uniform pension to all persons on attaining the age of 65, without any previous contributions. This plan would be free from most of the objections which attach to outdoor relief, as at present administered.

(5) Various voluntary schemes, with or without state aid, might be devised, some of which would be a valuable aid to the thrifty and better to do members of the working class. But there is no reason to suppose that these would extend far or make any large impression upon the bulk of poverty in old age. How far a voluntary scheme could be used as a stepping stone to a universal scheme without contributions is open to some doubt.

(6) There is no sufficient ground for thinking that the grant of a small pension at 65 would discourage thrift or injure the character of the recipients. Nor need we anticipate any prejudicial effect upon wages or prices if the pension were not given before 65.

PROVISION FOR OLD AGE BY TRADE SOCIETIES.

The following statement from the Labor Gazette, July 1893, has been prepared to show the extent to which trade societies make provision for

superannuation, the conditions under which such superannuation is granted, its amount, the numbers in receipt of it during last year, and other particulars. The societies are grouped by trades, and the present number includes the building, furnishing, and wood working trades, in which it appears that, in 1892, fourteen societies, of which full particulars have been received, made payments amounting in the aggregate to £17,269 ($84,039.59) to their aged members, who numbered 1,146 at the end of the year.

OLD AGE INSURANCE IN TRADE SOCIETIES.

Marginal number.	Name of society.	Members at end of 1892.	Superannuation benefit established.	Members receiving superannuation benefit at the close of 1892.	Superannuation paid during 1892.	Weekly contributions to union.	
						Ordinary members.	Superannuated members.
	Building trades:						
1	Operative bricklayers' society.	22,270	1882	26	$1,576.75	$0.1622	$0.0608
2	Amalgamated society of carpenters and joiners.	37,588	1860	363	33,389.06	.2433	Nil.
3	Associated carpenters' and joiners' society.	6,270	1872	44	3,659.61	.2028	.....
4	General union of operative carpenters and joiners.	3,645	1865	25	1,279.89	.2331	.1217
5	National amalgamated society of operative house and ship painters and decorators.	5,151	1886	16	1,060.90	.1622	.....
6	National association of operative plasterers.	6,925	1864	34	1,245.82	.1419	.....
7	United operative plumbers' association of Great Britain and Ireland.	6,177	1891	4	326.06	.1825	.....
8	United operative plumbers' association, Scotland.	393	1875	2	126.53	.1217	.....
9	Operative stonemasons' friendly society.	16,238	1868	362	21,310.40	.2028	.....
	Cabinetmakers and upholsterers:						
10	Amalgamated union of cabinetmakers.	1,386	1874	.....	228.73	.2433	Nil.
11	London amalgamated society of upholsterers.	210	1886	4	233.59	.1825	.0406
	Coach builders:						
12	United Kingdom society of coachmakers.	5,477	1855	246	18,989.08	.2433	.1217
13	London coachmakers' trade union.	182	.....	6	165.46	.2028	Nil.
	Coopers:						
14	Philanthropic society of journeymen coopers.	900	1888	12	618.04	.2028	.....
15	Belfast coopers' society.	101	1886	2	58.40	.1217	Nil.

OLD AGE INSURANCE IN TRADE SOCIETIES.

Qualifications and conditions for receipt of superannuation benefit.			Weekly rate of superannuation.	Marginal number.
Minimum age.	Conditions as regards incapacity.	Conditions as regards employment, income, or number.		
55	Incapacity to earn more than two-thirds standard wages.	No restriction as to private means or earning capacity in any other employment.	15 to 20 years' members, $1.22; 20 to 30 years, $1.70; 50 and upwards, $2.19.	1
50	Incapacity to earn standard wages.	..... do	18 years' members, $1.70; 25 years, $1.95.	2
55	Incapacity to earn more than one-half standard wages.	.....	20 years' members, $1.22; 25 years, $1.83.	3
60	Incapacity to earn more than two-thirds standard wages.	.....	25 years' members, $0.97; 30 years, $1.22.	4
60	Incapacity to earn more than half wages of district.	No restriction. Must have been under 40 years of age at time of entrance.	20 years' members, $1.22	5
60	Incapacity to earn standard wages.	.....	20 years' members. $1.22; $0.2433 for every additional year.	6
45	Incapacity to follow employment, if of 10 years' membership.	.....	20 to 25 years' members, $1.70; 25 to 30 years, $1.95; 30 to 35 years, $2.19; 35 to 40 years, $2.43; 40 to 45 years, $2.92.	7
50	Incapacity to work at trade, or to earn $3.65 per week at any other occupation.	.....	15 years' members, $1.22	8
.....	Incapacity to follow the trade.	May engage in light work outside the trade.	20 years' members, $0.97; 25 years, $1.22; 30 years, $1.46; 35 years, $1.70.	9
60	Incapacity to earn more than half standard wages.	.....	25 years' members, $1.22; 30 years, $1.70.	10
60	Incapacity to follow trade.	Elected by ballot at annual general meeting.	20 years' members, $58.40 per annum.	11
60	.....do	.....	30 years' members, $1.46; 35 years, $1.70; 40 years, $1.95.	12
.....	Incapacity to follow ordinary employment.	.....	10 years' members, $0.61	13
60	Incapacity to earn $3.65 per week.	Superannuated members, not exceeding 20, elected by committee.	20 years' members, $0.97; 30 years, $1.22; if totally incapable, $1.46.	14
.....	Incapacity to earn $2.43 per week.	.....	20 years' members, $0.97	15

BELGIUM.

The character of the chief industries in Belgium, together with the sharp and constant competition with larger industrial countries about her, gave plausibility to an excuse long made: "We can not take upon ourselves the further burden of social legislation and still compete with our more powerful neighbors."

The issue has, however, been forced on by several years of popular discussion, and at last a project of law for insurance against accidents is announced.

A government commission has considered the more general question of labor legislation, together with the special one of insurance.

Great influence has been exerted by Professor Dejace, of the University of Liege, who for several years has written widely upon the subject. He showed with great force how inadequate was the common law to meet all the severe exigencies of industrial misfortune under modern conditions. The work of the commission made it evident that the terrible question of responsibility for injuries was thus far most inadequately met. As in most countries where this legislation has developed, the first step was to shift the responsibility of proof from laborer to employer. The first classification of responsibilities shows how cautiously the commission worked.

(1) Accidents due to the entire fault (*la faute lourde*) of the employer must be borne wholly by him.

(2) Those due to the entire fault of the laborer by him alone.

(3) Those due to chance, or "higher powers," should be borne by the trade—*le risque professionnel.*

It has been shown that this same stage of the question was early reached in Germany and soon passed. *Le risque professionnel* can not be thus confined, even if it were technically right. Even the vigorous individualist, M. Gibon, wrote of this classification in 1890, that the laborer would get no humane handling under it, *ce peut-être juste en droit, mais ce n'est pas humain.* Invariably the next step in the discussion is to extend the principle of responsibility so as to relieve the laborer still further. The proposed law throws the responsibility yet more sharply upon the employer as representing the trade. Employers may insure their workmen where they will if they do as much as the new law requires. The German law has evidently been a pattern so far as details of organization go. It is proposed to insure all who work in quarries, mines, factories, building operations, gas works, steam and electrical establishments, etc.

HOLLAND.

Though no definite legal steps have been taken in Holland, it is noteworthy that the parliamentary commission of inquiry, appointed in 1887 for the study more especially of the conditions of child labor, expressed

the hope that the state would intervene for the insurance of workingmen against sickness, accident, and old age. (In May 1893 the government announces its intention of introducing a bill for accident insurance.)

SWEDEN.

A parliamentary commission was appointed in 1884 to study the general question of insurance against sickness, accident, and old age. The report was not made until 1888. It was proposed that the private initiation of different industrial groups should be carefully guarded. Much stress is laid upon the fact that so large a number of private insurance societies already exist. In 1884 there were 1,452 associations chiefly for sickness and burial. The fact, however, that in a population of between 4,000,000 and 5,000,000, only 138,726 members belonged to these associations, shows how inconsiderable a part of the workingmen are reached. This is one reason which accounts for a change now taking place in public opinion.

Judge Kulemann writes, September 1892: "In spite of the opposition to state compulsion, the general opinion is growing more and more favorable to a wider legal regulation of workingmen's insurance."

More recently still, April 8, 1893, the English minister at Stockholm, Sir F. Plunkett, gives the outlines of a bill now before the Swedish parliament for the compulsory insurance of work people, by which workmen on reaching the age of 60 years will be entitled to a pension. "There will be three classes of pensions, the first class amounting to 250 kroner ($67), the second class to 150 kroner ($40.20), and the third class to 90 kroner ($24.12) per annum. The first class will include workmen earning from 500 to 1,800 kroner ($134 to $482.40) per annum, the second class those paid chiefly in kind, while the third class will be for women. The weekly subscription to the pension fund will be 50, 30 and 20 öre, ($13\frac{4}{10}$, $8\frac{1}{10}$, and, $5\frac{3}{10}$ cents) for the three classes respectively, half to be paid by employers and half by employed. The government is to pay an annual subvention."

NORWAY.

In 1885 a "commission of eleven members was appointed to study the 'social question.'" Its investigations lasted until 1890. As regards insurance the project of a law for insurance against sickness was submitted. It shows a more pronounced tendency toward state control than either Denmark or Sweden.

Every workman whose wage does not exceed 1,200 crowns ($321.60) yearly and who has been engaged more than two months in the same occupation is to be insured against sickness. Fisheries, forestry, and agriculture are not as yet brought under the provisions of the law. In case of sickness one-half the daily wage is to be given. The administration is given to the communal authorities. Private insurance as-

sociations are encouraged although they must conform in the amount of their service to at least as much as the law prescribes.

The Labor Gazette of May 1893 contains the following note:

Mr. Mitchell, her magesty's consul-general at Christiania, in a dispatch to the foreign office under date April 7, reports that a bill for the insurance of workmen against sickness was laid before the Storthing on the previous day. It proposes to establish compulsory insurance for factory hands, and similar regularly employed workmen, each of whom will have to pay into a general sick fund a weekly contribution from his wages, of 10 to 25 öre ($2\frac{8}{100}$ to $6\frac{7}{10}$ cents) according to his age. In return he will be entitled to receive from the fund one-half of his daily wage so long as he is ill, but not for a period exceeding thirteen weeks in any one year. The state is to guarantee the payment of such compensation to workmen, and to administer the sick fund gratis.

DENMARK.

In no country in Europe, unless England be an exception, will the development of state insurance be more eagerly watched than in Denmark. Nowhere has the self help principle been more energetically or more successfully pushed. Nowhere upon the continent have the people had a more intelligent training in the principles of the private initiative. An extraordinary number of institutions exist, founded either by private munificence or by the workingmen themselves. Until very recently the state may be said to have done absolutely nothing in this direction except to appoint an inspector of savings banks. Under the constitution the poor law administration gave relief upon conditions that deprived the receiver of his electoral rights. We may note the same reaction of public sentiment against such provisions that we have seen growing steadily stronger in England.

In proportion as the broader industrial and social causes of poverty came into prominence public feeling revolted against the old classification, with its penalties. A law is now in activity which came into force July 1, 1891, under which a sharp distinction is made among the poor. The "deserving aged" do not lose their vote. This new law marks such a change of sentiment and is, moreover, so related to the new measures of old age insurance that the text is here reproduced:

LAW WITH RESPECT TO THE RELIEF IN OLD AGE OF THE DESERVING POOR, WHO DO NOT COME UNDER THE POOR LAW ADMINISTRATION.

SECTION 1. Any person who, having completed his sixtieth year, is without the means of providing himself, or those immediately dependent on him, with the necessaries of life, or with proper treatment in case of sickness, on condition that he is in enjoyment of the rights of a native born subject, shall, in accordance with the regulations set forth below, be entitled to receive old age assistance (*alderdomsunderstottelse*).

As possessing similar rights with a native born subject, may be recognized in the above respect, a woman separated or divorced from

her husband, or a widow who does not herself enjoy the rights of a native born subject, but who is married to, or has been last married to, a husband enjoying the rights of a native born subject.

SEC. 2. Admission to the receipt of old age assistance shall, in accordance with the foregoing section, be granted subject to the following conditions:

(*a*) The applicant must not have undergone sentence for any transaction generally accounted dishonorable, and in respect of which he has not received rehabilitation.

(*b*) His poverty shall not be the consequence of any actions by which he, for the benefit of his children or others, has deprived himself of the means of subsistence, or be caused by a disorderly and extravagant mode of life, or in any other way be brought about by his own fault.

(*c*) That for the ten years preceding the date of his application for old age relief, he must have had a fixed residence in the country, and during that period has not been in receipt of relief from the poor law administration, or been found guilty of vagrancy and begging.

In the case of a separated or divorced woman, or widow, any relief from the poor law administration given to her husband while she lived with him is taken as given to herself.

Persons over sixty years of age, who when this law comes into force have received, or are in receipt of, relief from the poor law administration, come under these regulations, if the relief began after the sixtieth year, and if the person in question, during the last ten years before such relief was granted, has fulfilled the conditions laid down in this subsection, and has otherwise conformed to the instructions contained in this law with respect to obtaining old age relief.

The relief given to him after his sixtieth year is not in this case deemed poor relief.

SEC. 3. Application for old age relief is to be made to the magistrates in Copenhagen, and outside Copenhagen to the communal authorities concerned.

The application made out in the form authorized by the minister of the interior, and to be obtained from the officials aforesaid, shall contain all the information necessary to enable a decision to be arrived at as to the applicant's claim to old age relief.

The application is to be accompanied by a certificate of identity, and other evidence which the applicant may be in a position to produce, together with a solemn declaration, signed by him, as to the truth of its contents.

If he is unable to make such a declaration, then the truth of the particulars contained in the application is to be certified by two persons who are well acquainted with the circumstances of the case, and their trustworthiness shall, if necessary, be further certified by the proper authority.

SEC. 4. The communal authorities mentioned in section 3 examine the applications sent in.

For the purpose of this examination, copies of and extracts from legal and official registers, church registers, etc., are to be given without payment, and the authorities are to give their assistance in these matters free of charge.

If necessary, the applicant himself, and others who may be able to give information, may be examined by the police.

When the inquiry is terminated the communal council decides whether the applicant has a claim to old age relief, and in the event of his

claim being good, the nature and amount of the relief to be extended to him.

Any relief which it may be necessary to grant while the inquiry is pending is, as far as the recipient is found to have a claim to old age relief, taken to be a part of such relief, but in the contrary case it counts as poor relief.

SEC. 5. The relief must be sufficient for the support of the person relieved, and of his family and for their treatment in case of sickness, but it may be given in money or in kind, as circumstances require, or consist in free admission to a suitable asylum or other establishment intended for that purpose.

The regulations in force with respect to travelling expenses of parish doctors and midwives, their salaries, and for burial assistance on behalf of the poor generally, apply also to persons who are relieved under this law.

SEC. 6. In so far as the necessitous condition of the person relieved is not due to transient causes, such as temporary illness, want of work, and so forth, he may continue to receive relief as long as his condition remains unaltered.

Should he be guilty of any action which, according to section 2, would exclude him from admission to old age relief, or should he squander what is given to him for his support, the relief ceases. If the recipient marries and afterwards requires a larger measure of support than what was given him when he took a wife, he is transferred to the poor relief administration.

SEC. 7. Old age relief is to be given by the commune in which the applicant has his residence. If the person relieved is not acknowledged as having a right to support in the commune of his domicile, that commune has a right to reimbursement of three-fourths of the expenses, to be refunded by the commune on which devolves the obligation of relieving him, or if there be no such commune, from the general fund on which such person would have been a charge if it had been a case of poor relief.

Notice that such relief has been granted must be given without delay to the commune whose duty it is to afford relief.

As long as a person receives old age relief, his claim to poor relief in the commune of his domicile is in abeyance.

SEC. 8. The expenses incurred by the commune, after deducting reimbursements, are to be entered under a special heading in the annual account of the commune. When this has been audited in the usual way by the communal auditors and passed, a copy of the entries, together with the proper vouchers, is to be transmitted to the superior authority of the place, whose duty it is, after examining—and, if necessary, correcting—the account, to report to the minister of the interior the amount expended by such commune.

In Copenhagen the account and report of the magistrates is to be sent to the minister of the interior.

SEC. 9. One-half of the expenses incurred by the communes in connection with assistance to old age is to be paid by the state; the amount is not, however, to exceed 2,000,000 kroner ($536,000) yearly, so that in the financial years 1891-'92 to 1894-'95 only 1,000,000 kroner ($268,000) is paid in each year, while the whole amount is not to be placed at the disposal of the communes until the financial year 1895-'96. The government grant is to be divided amongst the communes in proportion to what each of them has expended according to the account furnished, and must not exceed one-half of that amount.

SEC. 10. Complaints from applicants regarding the decisions of the communal authorities under this law can not be brought before the courts, but must be laid before the superior authorities, whose decision is final if the complaint is not entertained. In the opposite case, it can be brought before the minister of the interior.

If it comes to the knowledge of the superior authorities, by examination of the accounts, or in any other manner, that old age relief has been extended to persons not entitled to it, or that the provisions of this law have not been complied with in other respects, they may themselves decide on the case, or it may be laid before the minister of the interior.

Disputes between different communes regarding the duties devolving on them, in accordance with this law, are to be decided by the *amtmand* in whose district is situated the commune in which the claim for relief has been made, and if the question of liability refers to Copenhagen, then by the minister of the interior.

The decisions of the *amtmand* may be submitted to the minister of the interior.

SEC. 11. This law comes into force on July 1, 1891. However, the minister of the interior, on the application of the communal committee, and under special circumstances, may order that the provisions of this law, in so far as they do not refer to the positions of the communes with regard to each other, are not to come into force before July 1, 1892.

This can not be called merely a workingman's insurance any more than the scheme which has at the present time most prominence in England. The proposals often made in Germany to extend the insurance to those who have more than 2,000 marks ($476) yearly shows a close kinship between the two.

A great change of sentiment has also taken place concerning insurance against sickness. Such associations have long existed. In 1885 there were 1,000, with a membership of 164,000. The commissioner of inquiry in 1888 showed the same result that has appeared after the examination in every country, viz., that the strong and not the weak were insured.

In Denmark it appeared that a considerable proportion consisted of employers, masters, and (in the country) "landed proprietors." It was also shown that the guarantees in many societies were wholly insufficient; this is the same criticism that has been brought in the recent English discussion against a large number of the friendly societies. These two facts have forced on the issue. The recent commission recognize the inadequacy of the present societies, especially the smaller ones, which work badly and expensively. There is therefore the proposal to have obligatory insurance even to the extent of compelling the laborers in certain cases to join a specific society, thus introducing the *Zwangs Kasse* (as distinguished from the *Kassenzwang*) of the German system. It is not proposed as yet to force all laborers to belong to these insurance groups, but that the state should extend its protection over all those groups who desire such protection. Only workingmen in indus-

tries, peasants, and employers of small means, and certain other persons in precarious pecuniary condition are admitted. In special cases a group of thirty may be admitted although fifty is the usual number required. Admission is limited to those above 15 and below 55 years of age. None are to be admitted who are "afflicted with a serious durable or incurable disease." No person can be refused admission who fulfils the legal conditions. If any society fails, members may join another.

Children under 15 years of age are to have free treatment either in the home or in a hospital. The insured, in case of sickness, receives between one-half and two-thirds his daily wage. No money can be given until after the third day or after the twenty-sixth day. Societies which come under the provisions of this proposed law are to have a subsidy from the township equal to one-fourth the amount paid in by the members during the year current. The law provides for an inspector of these societies.

SWITZERLAND.

Switzerland has also a special interest in this question, because what is essential to the principle of obligation was introduced into two cantons before the discussion as to federal legislation was seriously considered. It has, too, unique interest, because of the relations of this legislation to the *referendum*. As in France, the chief interest now centres upon a law of insurance against accidents. The employer's liability act was here, too, found to work clumsily and ineffectually. Precisely the same reasons are given for its inefficiency as have already been noted in Germany.

From 1875 the principle of trade risk—*le risque professionnel*—was distinctly admitted. This in every country marks an important change of opinion—generally in the direction of some form of obligation or government supervision, as the ends towards which this principle looks can hardly be reached without government help.

While Switzerland seemed at first to reject the principle of obligation, she began early to study thoroughly and systematically the basis upon which compulsory insurance rests. In 1887 the federal council ordered the statistics of accidents to be gathered and classified.

This has been done from three different sources, official and private, with great thoroughness. Professor Kinkelin, of Basel, has made a series of statistical studies with direct reference to state insurance. The tables of Schuler and Burkhardt are most elaborate, and give a more minute classification. From these three sources it is believed that the accident law, which is only a question of time, will have a safe and adequate basis. No distinction is here made between the two projects of law (sickness and accident), as the statistics apply to both. Indeed, M. Schuler's address at the Bern congress was upon the relation between the sick, accident, and old age laws. He asked first for a

union between the sick and accident laws which he considered an absolute necessity. "Sooner or later," he said, at the close of his report, "the question of general insurance will impose itself upon every civilized people, *'ces institutions se feront, lentement peut-être, mais sûrement.'*" Dr. J. J. Kummer, director of the federal bureau of insurance, gave an elaborate report upon the actual state of accident insurance. As in every profound study of this question, he found the chief difficulty in managing, under the new conditions the fact of responsibility. This was relatively simple under the old assumption that only individuals were responsible, but with the admission of trade and social responsibility the practical embarrassments increased tenfold. He did not question, however, the new and broader basis, but admitted that a solution must be found in spite of difficulties. The canton of Appenzell authorized the communes in 1879 to impose obligatory insurance upon such as were without family and were liable to come upon the public charity. The canton of Saint Gall, in 1885, advanced a step beyond this in its application of obligation. Projects now under consideration in the canton of Zurich go still further, in that they propose to establish side by side with the independent societies obligatory ones. These proposals, together with those of the cantons of Geneva and Aargau, have been sent into the council of state for its action.

No more perplexing question is presented than the relation of proposed compulsory insurance to the existing free insurance societies. In Switzerland, as in England and France, this has caused a great deal of earnest discussion. The following observations upon this point in Switzerland are made in a recent report to the English parliament:

REPORT ON COMPULSORY INSURANCE AGAINST ILLNESS AND WORKING OF MUTUAL AID SOCIETIES, PRESENTED TO PARLIAMENT JUNE 1891.

As regards the question of the effect which the adoption of a measure of compulsory insurance is likely to have on the position of the voluntary societies we may quote the views expressed by a member of the council of states, M. Göttisheim, in an interesting report on the subject of compulsory insurance, which he has recently addressed to the federal government.

Referring to the fact that the number of days' illness resulting from accidents amounted during the 12 months ending March 31, 1889, to 19,521, he maintains that any measure of compulsory insurance against accidents must also make provision for insurance against illness. As, however, the former branch of insurance recognizes the claim of the injured workman, not only to proper medical treatment, but also to an indemnity for the pecuniary loss entailed on him by the accident, the same principle must likewise be extended to disablement by sickness if the two forms of insurance are to be worked together.

The state, however, can not limit its action to the mere grant of sick pay, as is at present done by the majority of the mutual aid societies, but must rather concentrate its energies on securing proper medical treatment in every case of illness, so that recovery of health may be as rapid, and the duration of the period of incapacity to work as short as possible.

What, therefore, strikes M. Göttisheim as the most desirable solution of the question of the ultimate relations between the state and the voluntary societies is, that the former should confine itself to providing medical treatment, while the latter should devote their resources to furnishing pecuniary compensation for the loss occasioned by illness. Relieved by the state of the expenses of the medical treatment the societies would be in a far better position to furnish the sick pay to their members, while the members themselves would further benefit by the lower scale of the state premiums, more especially as a portion of these would in all probability have to be borne by the employers.

There are, unfortunately, as he admits, several obstacles in the way of the carrying out of such an arrangement.

In the first place, the administrative machinery of the voluntary societies, though well enough adapted to the wants of their 209,920 members, would be quite inadequate if called on to deal with the 750,000 who will, it is calculated, come under the operation of the proposed measure of compulsory insurance.

In the second place, the distribution of the societies over the country at large is, as has already been pointed out, far from regular, as appears at once from the fact that in the canton of Freyburg, the population of which is 115,400, there are but three such societies in existence.

In order, moreover, to utilize the services of the societies in any system of national insurance it will be necessary to place them more or less under government control, and to modify their statutes so as to insure uniformity as regards the scale of sick pay, etc. The loss of independence, however, which such a proceeding must entail, will certainly deter some among them from entering into a combination of this character with the state, and, as it would be impossible to attempt to realize any plan of national insurance through the exclusive agency of the remainder, the state will be compelled to supplement their deficiencies from other sources. This, M. Göttisheim suggests, might be done by creating communal or district societies in all localities that do not already possess a voluntary society either willing or capable of discharging the duties required of it.

The existing machinery of the voluntary societies would thus be utilized as far as is compatible with the public interest; the dangers resulting from over centralization would be avoided, while many of the anomalies of the present system would be got rid of.

The law of 1881 applied only to those working in factories. In April 1887 the law was greatly extended. It was made to cover those working in building operations, workshops of various kinds, water and land transportation; indeed so widely applied as to give it something of the extent of the German law. A motion in the federal assembly, 1887, asked the council to present, at its earliest convenience, a report upon general obligatory insurance against accidents. This report was handed in at the close of the year 1889.

In article 34 we read: "The confederation has the right to introduce through the legislature compulsory insurance against accidents. It has also the right to legislate in the matter of insurance against sickness, etc." The proposition was adopted in 1880 by the federal assembly by 112 votes against 2.

On October 26, 1890, it was submitted to the *referendum* and adopted by a vote of 232,105 against 74,762.

In the sitting of the national council, December 18, 1891, the federal councillor, Deucher, announced that the project of law should be carried into effect on the earliest practicable day.

In September 1893 it appears that the Swiss discussion of workingmen's insurance has lost fervor somewhat, as we have seen is true of France. In 1885 the debates in the national council seemed to promise immediate action. Since that date there has been a constitutional revision, officials have been appointed and experts set to work; still the preliminary stages have hardly been passed. The commission discussed in eleven sittings but 60 of the 350 articles.

According to *La Bibliothèque Universelle et Revue Suisse*, conflicting interests are making themselves felt between the communes and the central government, while the socialists on the one hand and the farmers upon the other confuse the practical issue, the first by demanding more for the workingman than the law can grant, the last by refusing altogether to add to their burdens the extra expense.

Of much interest is the movement as seen in the separate cantons. Early in 1893 Basel commissioned its department of the interior to present a plan for insuring workingmen out of employment. Bern had already used its employment bureau to furnish statistics for the same purpose. During the winter of 1892–'93 such numbers were out of work as to lead the Basel council to vote a credit of 10,000 francs ($1,930) as a kind of "temporary insurance fund."

The commune, the employer, and the laborer are each to contribute to the insurance fund. Any laborer may become a member by announcing his purpose to the committee of his trade union. To receive help he must have belonged to the society six months and have been out of work two weeks. The relief rises to 1 franc ($19\frac{3}{10}$ cents) daily for single, 1.50 francs ($28\frac{95}{100}$ cents) for married workmen. The employers and workmen together choose two members of the committee of management, while the commune chooses three.

Zurich has given 5,000 francs ($965) to pay for the commission whose object it is to study the same question.

In four cantons the general principles are as follows:

(1) That the organized unions of the workmen and the municipal authorities should jointly take in hand the organization and administration.

(2) That assistance should be given as much as possible "in kind" (victuals, clothing, etc.).

(3) That the persons insured should themselves pay certain contributions in order to remove from them the stigma of taking alms.

(4) That such contributions should have been paid for some time before assistance can be claimed.

As this report goes to press the Labor Gazette for July 1893 contains the following note:

Mr. H. Angst, her majesty's consul at Zurich, in a dispatch to the foreign office dated June 28, transmits a report on labor in Switzerland. The report is a translation of the notes of Herr Greulich, the chief of the Swiss labor office at Zurich, with some modifications and additions by Mr. Angst. A federal bill for the establishment of insurance against sickness and accidents has been referred by the federal council to a commission of experts. The bill, which will come before the federal chamber in the autumn, is said to be opposed by the leaders of the Swiss workmen.

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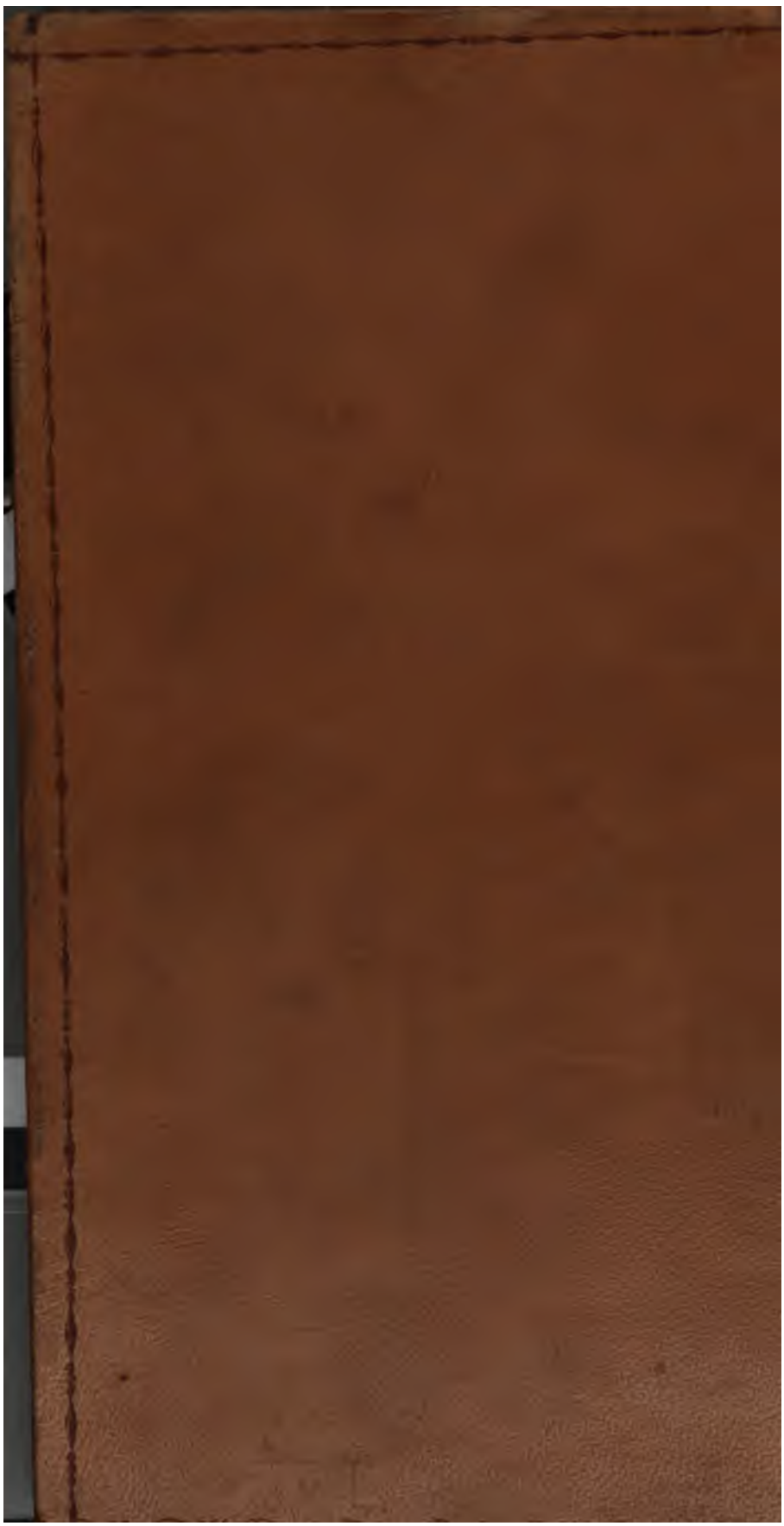
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